

Report on Expanding the
Medicaid Work Requirement and
Implementing Cost Sharing for Families
over 150 Percent of the Federal Poverty
Level (FPL)

July 2020



Senate Bill 2 (2020 General Legislative Session) required the Utah Department of Health (UDOH), in consultation with the Department of Workforce Services (DWS), to report on populations that could have a work requirement (also known as community engagement) added as a condition of program eligibility.

[HB2](#) (2020) lines 1191-1197:

*1191 The Legislature intends that the Departments of Health and
 1192 Workforce Services report to the Office of the Legislative
 1193 Fiscal Analyst by July 1, 2020 on the Medicaid populations not
 1194 currently with a work requirement who could have a work
 1195 requirement. The report shall include the number of new
 1196 individuals who could have a work requirement and the
 1197 associated costs and savings to the State.*

New Work Requirement Populations

To implement a work requirement, the Departments identified non-expansion adult populations that could possibly be covered through an 1115 Medicaid waiver if CMS was willing to approve the request. It is important to note that the ability to implement a work requirement for the Medicaid expansion population remains a legal question before various courts across the country, and it is likely the inclusion of this requirement for adult populations beyond the expansion population would likely be a legal question to resolve. The potential populations include:

1. Parents - defined as Parent & Caretaker Relatives (PCR) eligible under 42 CFR 435.110
2. Transitional Adults - Transitional medical assistance beneficiaries under Section 1902(a)(52) and 1925 of the Social Security Act.
3. All other adults who are not elderly, pregnant or disabled including:
 - a. Adult - Former Foster Care
 - b. Adult - Medically Needy

Chart 1 - Enrollment

Aid Group	Average number of individuals*	Estimated number of Member Months*
Adult – Former Foster Care	610	7318
Adult – Medically Needy	71	856

Parents	16,557	198,689
Transitional Adults	7,192	86,308

*Average number of individuals and estimated member months were determined using pre-COVID-19 figures (April 2019 – March 2020) to better estimate the anticipated savings.

Work Requirement Participation – Cost Savings

Approximately 70% of the Adult-Former Foster Care, Adult-Medically Needy, and Parents-program individuals will meet a ‘work exemption’ and therefore will not be required to participate in the work requirement activities. (It is anticipated that 100% of the Transitional Adult population will meet a ‘work exemption’. This transitional coverage is only provided to adults who have an increase in earned income. Therefore there are no expected cost savings for this population.)

Of the remaining 30% who must complete the work activities, 73.7% are expected to follow through. This means that about 8% of all program individuals with this requirement will close due to non-participation.

Chart 2 – Cost Savings

Aid Group	Estimated Member Months of Non-Compliant Individuals	Per Member per Month General Fund Cost	Estimated General Fund Reduction
Adult – Former Foster Care	577	\$237	\$136,000
Adult – Medically Needy	67	\$573	\$39,000
Parents	15,655	\$146	\$2,290,000
Transitional Adults	0	\$136	\$0
Total	16,378		\$2,465,000

Senate Bill 2 (2020 General Legislative Session) required the Utah Department of Health (UDOH), in consultation with the Department of Workforce Services (DWS), to report on implementing cost sharing for families with incomes above 150% of the federal poverty level for Medicaid waiver programs for children.

[HB2](#) (2020) lines 1185-1190:

*1185 The Legislature intends that the Departments of Health and
1186 Workforce Services report to the Office of the Legislative
1187 Fiscal Analyst by July 1, 2020 on the costs and revenue
1188 associated with implementing cost sharing for families with
1189 incomes above 150% of the federal poverty level on Medicaid
1190 waiver programs for children.*

Cost Sharing

Children covered under Title XIX are prohibited from cost-sharing or premiums (see 42 CFR 447.56(a)(1)(i)-(vi)). In addition, eligibility for children in the Medically Complex Children's Waiver (MCCW) is based on the child's income and assets and does not include the income and assets of the broader household to which the child belongs. This means that under the existing 1915(c) waiver authority, Utah could not charge any premiums or cost-sharing for children regardless of the parents' income.

The State does have the option to limit eligibility in HCBS waiver programs only to those who would be currently eligible under the requirements for community Medicaid. However, rather than allow for cost-sharing and premiums, this approach would effectively remove any families, whose income exceeds the financial eligibility for community Medicaid, which considers the finances of the entire family. Based on previous enrollment data collected, the Department estimates this eligibility limitation would eliminate roughly 75% of current program participants.

The Department believes this approach is inconsistent with the intent of policymakers, who instructed the Department to implement HCBS waiver programs such as the MCCW. The MCCW is intended to support families whose children have significant medical care costs that are not typically covered by private insurance and have the potential to bankrupt families and interfere with the parents' ability to maintain employment, etc.

The only eligibility authority that allows cost sharing for children under Title XIX is the Family Opportunity Act (FOA) outlined in section 1902(a)(10)(A)(ii)(XIX) of the Social Security Act (see 42 CFR 447.55(a)(3)). Utah does not currently operate a program under this

authority. Programs authorized under FOA are a State Plan benefit and a state cannot limit enrollment based on available funding - any child who meets eligibility requirements would be entitled to the benefits outlined in that program.

The Departments appreciate the opportunity to review these policy question and look forward to additional discussion with policymakers.

Appendix Added by the Office of the Legislative Fiscal Analyst Based on Data From Health

Estimated Savings from Medicaid Work Requirement

		30.0%	-26.3%		
Aid Group	Average Number of Clients (April 2019 – March 2020)	Clients Potentially Subject to Work Requirements	Clients Estimated Non-compliance	Annual General Fund Cost	Annual General Fund Savings
Adult – Former Foster Care	610	183	(48)	\$ 2,844	\$ (137,000)
Adult – Medically Needy	71	21	(6)	\$ 6,876	\$ (39,000)
Parents	16,557	4,967	(1,306)	\$ 1,752	\$ (2,289,000)
Transitional Adults	7,192	-	-	\$ 1,632	\$ -
Total	24,430	5,171	(1,360)		\$ (2,465,000)