



August 17, 2018

Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Kentucky HEALTH - Application and CMS STCs

Dear Administrator Verma:

The American College of Physicians appreciates the opportunity to comment on the Kentucky HEALTH proposal. The American College of Physicians is the largest medical specialty organization and the second largest physician group in the United States, representing 154,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge and clinical expertise to the diagnosis, treatment, and compassionate care of adults across the spectrum from health to complex illness.

ACP is concerned that the Kentucky HEALTH waiver would impose a substantial monthly premium. Evidence shows that applying premium increases and inflexible premium payment deadlines causes disenrollment from Medicaid (i). Although cost-sharing could be used to steer enrollees toward high-value care, an enrollee unable to pay an excessive premium may be more likely to go uninsured. One study shows that a premium increase from zero to \$10 a month reduces the length of enrollment by 1.4 fewer months (ii). A comprehensive literature review on the effect of imposing premiums and cost-sharing on Medicaid beneficiaries found that “a large body of research shows that premiums can serve as a barrier to obtaining and maintaining Medicaid and CHIP coverage among low-income individuals” (iii). Overall, aligning Medicaid expansion and marketplace-based insurance could represent an erosion of coverage for this population. Kentucky HEALTH would also create a six-month “lock-out period” for certain enrollees who do not pay their premiums on time. ACP believes lock-out policies are unduly harsh and unnecessarily punish people without the financial resources to afford health insurance.

The Kentucky HEALTH waiver would also require certain Medicaid enrollees to work, volunteer, or otherwise be engaged in the community to maintain their coverage. Children under the age of 19, adults age 65 and older, pregnant women, those who are eligible for Medicaid because of a disability, among others are exempt from the work requirement.

Although ACP policy states that work-related or job search activities should not be a condition of eligibility for Medicaid, assistance in obtaining employment, such as through voluntary enrollment in

skills- and interview-training programs, may be helpful and can appropriately be made available to beneficiaries provided that the action is not a requirement for Medicaid eligibility. The Medicaid program has a number of existing pathways for states interested in helping enrollees connect to job-training and other employment services or stay covered while working (iv).

Work or community engagement status should not be a condition of Medicaid eligibility for a variety of reasons. According to the Kaiser Family Foundation, 60% of nonelderly adults are already working and 8 in 10 live in families with at least one person employed (v). Those who are not working are often living through complex experiences that make employment untenable. For example, they may be taking care of a loved one, going to school, unable to find employment, or are sick or disabled.

A report from the Urban Institute finds that about 75% of Kentuckians who are on Medicaid and unlikely to qualify for an exemption from the work requirement “do not have access to a vehicle or the internet in their household, have not completed high school, or have a serious health limitation or live with someone who does, indicating that many in this group could face substantial barriers to complying with the work requirements” (vi). Similarly, a research letter surveying people enrolled in Michigan’s Medicaid expansion program, the Healthy Michigan Plan, found that enrollees were “more likely to report being unable to work if they were older, male, in fair to poor health, experienced chronic health conditions, or had functional limitations” (vii). One survey found that 55% of people who were unemployed reported that enrolling in Medicaid enabled them to search for a job more effectively and that those that were working said they were able to do their job better after they gained coverage (viii). In Ohio, a study of Medicaid enrollees found that about 75% of unemployed people who were searching for a job reported that Medicaid coverage made it easier to search for employment and 52% of those currently employed said the coverage enabled them to continue working (ix). If the sick and disabled are disenrolled from Medicaid, they will lose the very health insurance that could empower them to work and further their engagement in the community.

Work requirements will impose an unnecessary and unjustified burden on patients to document that they are eligible for an exemption and an unnecessary and unjustified burden on physicians who may be asked to attest that their patients have an exempted medical condition. For patients, work requirements will place an onerous reporting burden that may cause them to delay or forego care or leave the program altogether. Evidence shows that when Medicaid and other programs add paperwork and other administrative requirements, enrollees are less likely to participate (x,xi,xii). Reporting may be especially burdensome under this waiver given the relevant population’s precarious access to internet. ACP greatly appreciates the agency’s initiative to reduce administrative burdens through its Patients Over Paperwork initiative—as it is aligned with our own Patients Before Paperwork efforts (xiii)—but work requirements could add substantial paperwork hassles that will reduce the amount of time physicians have to care for their patients.

Kentucky will have to make a substantial investment in systems to track work requirement compliance. According to Fitch Ratings, work requirement implementation is partially responsible for Kentucky’s Medicaid administrative costs increasing from \$35 million in the prior biennium to \$116 million (xiv). The Temporary Assistance for Needy Families (TANF) program provides a historical perspective. According to the Medicaid and CHIP Payment and Access Commission, “monitoring beneficiary

compliance with [TANF] work requirements has been complex for states, requiring significant staff time and coordination across agencies and with employers” (xv). ACP believes that limited Medicaid dollars are best used to improve patient health outcomes, not to create wasteful bureaucratic administrative systems.

Work requirements are inconsistent with the mission and purpose of the Medicaid program. Kentucky estimates that Medicaid enrollment would decline by 95,000 over five years as a result of the waiver. Those disenrolled from Medicaid coverage are likely to be people with substantial barriers to work, such as people with serious behavioral health problems or those with child care needs (xvi). By imposing harmful and unnecessary eligibility conditions and administrative burdens, the most vulnerable Kentuckians will lose health care coverage and access. Knowing the impact of lack of insurance on mortality (xvii), any policy that reverses the gains in health and well-being from being insured and having health care access is unacceptable.

ACP appreciates your consideration of our comments. If you have any questions please contact Ryan Crowley, Senior Associate for Health Policy at rcrowley@acponline.org.

Sincerely,



Ana María López, MD, MPH, FACP
President
American College of Physicians

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