

Cutting off people's basic living standards by taking away their healthcare only makes it harder for them get back on their feet. Rather than punishing North Carolinians who are already facing economic hardship, Congress and North Carolina lawmakers should focus on policies that close the coverage gap and invest in the systems that connect people to the training and job placement services needed in today's labor market.

In North Carolina, the vast majority of Medicaid enrollees not working are seniors, children, or have a disability or chronic illness.

- Over 4 out of 5 North Carolina Medicaid enrollees are seniors, children, or adults with disabilities or chronic illnesses.ⁱ
- Medicaid enrollees are already engaged in work or other meaningful activities. Ninety-six percent of non-elderly North Carolina Medicaid enrollees are working, going to school, taking care of family/home, or have chronic illness or disability.ⁱⁱ
- An adult with two children must have annual income below \$8,935 to qualify for Medicaid. For those with fewer children, that annual income figure is even lower.
- Three out of every four adult and child Medicaid enrollees are in working families.ⁱⁱⁱ

Children suffer when parents and caregivers lose health care coverage.^{iv}

- Children are less likely to get the care they need when their parents lose coverage putting their healthy development at risk.^v
- These requirements could require new mothers to return to work 60 days after birth, at which time pregnancy Medicaid expires. Research shows that mothers' early return to work has negative impacts on the duration of breastfeeding,^{vi} infant vaccination rates,^{viii} and regular checkups,^{ix} and may diminish maternal-infant bonding as a result of less time spent together and increased maternal stress.^x
- Without health insurance coverage, families are more likely to incur medical debt and lose employment, driving up levels of toxic stress that can damage to children's healthy development.^{xi}

People with disabilities and substance use disorders in North Carolina would fall through the cracks.

- Nearly 250,000 non-elderly North Carolinians with Medicaid have a disability. Over half of them do not receive federal disability assistance, and therefore would be subject to the requirement.^{xii}
- Even if made exempt, many North Carolinians with disabilities would likely lose their coverage, as they would have a hard time wading through mounds of paperwork and red tape to document their condition and inability to work.
- Given the state's focus on the opioid epidemic, this proposal would erect barriers to treatment for those with substance use disorders. Medicaid pays for large share of opioid treatment. Twenty-one percent of buprenorphine prescriptions in North Carolina are covered by Medicaid.^{xiii}

Parents who work more hours will fall into the coverage gap and lose access to health insurance coverage.

- For many parents with low incomes, working more hours will push them into the coverage gap and create barriers to accessing health care and moving to employment.^{xiv}
- A single-parent household with one child would lose Medicaid eligibility if they worked a minimum wage job even at part-time (20 hours a week). However, because the General Assembly has not closed the coverage gap through Medicaid expansion, the parent would not make enough to qualify for a premium tax credit to buy their own coverage, and their low-wage job would almost certainly not offer coverage.

Parents who have low incomes would need to work more hours or find work even when the labor market isn't providing the employment needed.

- National research finds that among adults with low incomes 46 percent worked in the past year even though they worked fewer than 80 hours in at least one month.^{xv}
- There are too few jobs in many communities relative to the number of jobless workers.^{xvi}
- Unpredictable work and hours are both key features of today's labor market.^{xvii}

As a non-expansion state, North Carolina may not get approval from the federal government to add "work requirements," likely delaying Medicaid managed care.

- Concerns from CMS leadership about a "subsidy cliff" in non-expansion states have been stated publicly, including this from Seema Verma: "Because there is no tax credit for them to move on to the exchanges, what happens to those individuals? We need to figure out a pathway, a bridge to self-sufficiency."^{xviii}
- In a recent letter to Kansas regarding their request to implement work requirements for their Medicaid population, CMS did not provide guidance, suggesting it is not prepared to authorize such proposals in non-expansion states.^{xix}
- North Carolina's Medicaid transformation would be complicated by the current lack of clarity regarding non-expansion states and any requests to change these policies. It would also impact the rollout of managed care given changes that would be required to the administration of the program.

Taking away health insurance coverage doesn't work to move people into jobs.

- Medicaid enrollees who can work do indeed want to work but can't find jobs or jobs that offer the hours they need for reasons that work requirements won't solve. Specifically:
 - **There are too few jobs for those seeking work.** In 87 counties there are more jobless workers than there are job opportunities.^{xx}
 - **Many jobs require training that work requirements won't make accessible and affordable.** Funding for workforce development has declined since the Great Recession and many rural

communities in particular face challenges in ensuring their programs are accessible to residents.^{xxi}

- **Many North Carolinians work low-wage jobs with volatile hours and no paid leave.** If they or a family member gets sick, or if their employer cuts their hours, they could lose their health care.
- Our country has already tested the effect of work requirements in the TANF program and the result has been an explosion in the number of Americans living on less than \$2 per day.^{xxii}
- There is no evidence that work requirements help move people out of poverty or increase employment in the long term.^{xxiii} In fact, research finds the opposite to be true, that higher investments in the Medicaid program and delivery of benefits encourages people to move to better jobs, access higher wages or pursue an entrepreneurial endeavor.^{xxiv}
- Moreover in previous attempts to force arbitrary restrictions on those receiving help to meet basic needs, it was found that many folks who received support were working though with irregular schedules and temporary employment that was further disrupted when they lost access to income supports.^{xxv}

Administering work requirements would cost the state, taxpayers, and health care consumers.

- From upgrading IT systems to aligning and staffing new work processes to delivering a new range of services, the implementation of these changes requires a significant investment at a time that North Carolina doesn't have available revenue.^{xxvi} The implementation of work requirements for TANF in Tennessee cost the state \$70 million,^{xxvii} while the state of Kentucky estimates that it will cost over \$180 million to administer new work requirements in Medicaid.^{xxviii}
- When people lose Medicaid it raises costs for all North Carolinians because of increased Emergency Room visits and hospitalizations. North Carolina experienced a decline in uncompensated care costs of 7 percent since 2013, well below the decline for expansion states which on average saw their uncompensated care costs cut in half.^{xxix} Uncompensated care is likely to increase if Medicaid enrollees become uninsured due to proposed work requirements.

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