

# **PUBLIC ASSISTANCE REFORM TASK FORCE**

## **Minutes of the 2nd Meeting of the 2019 Interim**

**August 19, 2019**

### **Call to Order and Roll Call**

The 2nd meeting of the Public Assistance Reform Task Force was held on Monday, August 19, 2019, at 3:00 PM, in Room 131 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative David Meade, Co-Chair; Senators Whitney Westerfield and Max Wise and Representative Nima Kulkarni; Elizabeth Caywood and Bill Wagner.

Guests: Jason Dunn, Policy Analyst, Dr. Shelia Schuster, Board Chair, Kentucky Voices for Health; Danielle Clore, Executive Director, Kentucky Nonprofit Network; Douglas Beard, Director, Division of Family Support, Cabinet for Health and Family Services

LRC Staff: Chris Joffrion, Lead Staff, Hillary McGoodwin, Sean Meloney, Ben Payne, Christy Young.

### **Approval of the Minutes**

A motion to approve the minutes of the July 8<sup>th</sup> 2019 meeting was made by Senator Wise, seconded by Senator Westerfield, and approved by a voice vote.

### **Follow Up to Questions from the July 8<sup>th</sup> 2019 meeting**

Douglas Beard, Director, Division of Family Support, Cabinet for Health and Family Services provided a summary of follow-up information to questions asked at the July 8<sup>th</sup> meeting. When comparing Kentucky's Supplemental Nutrition Assistance Program (SNAP) fraud rates with other states, it is not linear. The Division of Family Support found discrepancies in how individual states were investing their resources in investigating fraud, with the largest data discrepancy being the number of overall SNAP participants. The Program Integrity branch of the Division of Family Support was created to prevent Supplemental Nutrition Assistance Program (SNAP) fraud through communication with grocery providers and individuals.

### **Smart Investments for a Healthy Workforce**

Jason Dunn, Policy Analyst, Kentucky Voices for Health, provided an overview of Kentucky Transitional Assistance Program (KTAP), KTAP's Kentucky Works Program, the Kentucky HEALTH Section 1115 waiver, and the Supplemental Nutrition Assistance Program (SNAP). He discussed a study from the Center on Budget Policy Priority that found from 2009-2013 few benefit recipients did not work full time. Mr. Dunn stated that data from the Cabinet for Health and Family Services showed from January 2018- March 2019, once work-reporting for SNAP recipients was implemented for all 120 counties, 21,419 people lost SNAP benefits representing \$30 million a year in lost benefits. He stated that reason for disenrollment included: lack of access to technology needed to report fulfillment of the community engagement requirement, lack of reliable transportation, lack of training, and confusing communication of requirements.

Mr. Dunn stated that under expanded Medicaid and the Affordable Care Act, participation in Kentucky's Medicaid assistance program now totaled 1.3 million people. Participants include 892,830 adults and children enrolled through traditional eligibility and 445,925 individuals enrolled through the expansion which provides coverage to individuals earning up to 138 percent of the federal poverty level. This has resulted in new jobs, improved hospital finances through increased reimbursements, a reduction in the number of uninsured individuals in Kentucky, and a boost to local economies specifically in the healthcare sector.

Dr. Shelia Schuster, Board Chair, Kentucky Voices for Health, described the community engagement requirement as misguided and explained the behavioral science behind such requirements.

Mr. Dunn gave an overview of six studies. The first commissioned by Ohio Governor Kasich found that having Medicaid coverage makes it easier to look for work or maintain a job. The second was a study conducted by the Kaiser Family Foundation that found a majority of Medicaid enrollees are already working, looking for work, or have an exemption. The third, a Harvard study of the Arkansas community engagement requirement, found that out of 100,000 enrollees, 97 percent were working, three to four percent were not in compliance, and 18,000 lost coverage. The fourth study was an evaluation by the University of Pennsylvania that found of the 330,000 adults in Kentucky subject to the community engagement requirement, 138,000 already meet the community engagement requirement and 48,000 who are unlikely to be deemed medically frail do not meet the requirement. The fifth study conducted by the Milken Institute School of Public Health at George Washington University found that between 86,000 and 136,000 enrollees in Kentucky would lose coverage in the first year of the community engagement requirements resulting in a loss of up to \$37 million in Medicaid revenue. The sixth study conducted by the Commonwealth Fund found that if Kentucky HEALTH had been implemented in 2019, between 108,000 and 118,000 enrollees would have lost coverage resulting in a 21 percent decrease in Medicaid revenue and a doubling of uncompensated care.

Dr. Schuster and Mr. Dunn gave recommendations across all programs such as to incentivize upward mobility by bridging the benefits cliffs; leveraging existing opportunities to match federal funds; and reducing administrative red tape, burdensome reporting, and complicated exemptions. They recommended that Medicaid create a bridge plan to keep health insurance affordable for low-income workers who make between 138 percent and 200 percent of the federal poverty line. They suggested creating a 1915c Medicaid waiver to provide housing and mental health services for persons 16 years and older. The recommendations given for SNAP were to expand work supports like childcare and transportation, to maximize SNAP “double dollars” to increase access to healthy foods and support local farmers, and to remove the SNAP ban for certain felons and parents behind on child support payments. For Temporary Cash Assistance for Needy Families (TANF), they recommended removal of the deprivation factor and only require that kids be in low-income households to qualify, improve outdated earned income disregards, and raise the \$2000 asset limit for TANF benefits or eliminate the limit entirely.

In response to questions from Senator Westerfield, Mr. Dunn stated that Medicaid expansion has had a positive economic impact on the healthcare sector, and he stated that he will follow-up with the Center for Economic Development for information regarding the impact Medicaid expansion dollars had on the economy outside of the healthcare sector.

In response to a follow-up question from Senator Westerfield, Dr. Schuster stated that it is not clear which agency makes the medically frail determination, whether it is the managed care organizations or Department for Medicaid Services (DMS). Dr. Schuster and Mr. Dunn deferred that question to the Cabinet for Health and Family Services.

In response to questions and comments from Representative Kulkarni, Dr. Schuster stated that there is not a limit to the caseload for DMS workers who do field reporting. In response to Representative Kulkarni’s second question, Mr. Dunn stated that he will follow-up with the legal cost Arkansas incurred due to overturning their work requirement. In response to Representative Kulkarni’s third question, Dr. Schuster stated that the medically frail designation and attestations impact people on Medicaid who need coverage to enter substance abuse treatment.

In response to questions from Mr. Wagner, Mr. Dunn stated that to answer the administrative cost of running the work requirement program he would defer to the Cabinet for Health and Family Services.

## **The Impact of Work and Community Engagement Requirements on Kentucky’s Nonprofits**

Danielle Clore, Executive Director, Kentucky Nonprofit Network, gave an overview of nonprofits in Kentucky and the role of the Kentucky Nonprofit Network. Ms. Clore detailed the challenges faced by decreased volunteerism and charitable giving. Ms. Clore added that in Menifee, Lincoln, Bell, and Knox counties, the number of nonprofits registered with the IRS would not be able to support the number of individuals required to comply with the Section 1115 waiver work/community engagement requirements.

Ms. Clore explained that in Menifee County there are 20 registered nonprofits, 201 people looking for work and an estimated 236 Medicaid expansion enrollees. In Lincoln County, there are 53 registered nonprofits, 543 people looking for work and an estimated 878 Medicaid expansion enrollees. In Bell County, there are 98 registered nonprofits, 777 people looking for work and 1,352 Medicaid expansion enrollees. In Knox County, there are 64 registered nonprofits, 772 people looking for work and an estimated 1,516 Medicaid expansion enrollees. Ms. Clore stated that the manpower and funds required to train a heavy influx of new volunteers and employees creates a financial and administrative burden for nonprofits.

### **Public Assistance Work Requirements and Employment & Training Programs**

Douglas Beard, Director, Division of Family Support, Cabinet for Health and Family Services provided an overview of Kentucky HEALTH, the 1115 waiver which would establish a community engagement requirement for Medicaid recipients. Mr. Beard explained that under Kentucky HEALTH, waiver recipients are required to complete 80 hours per month of community engagement. This can include subsidized & unsubsidized employment, self-employment, community service, education, caregiving, and substance abuse treatment. He also explained which individuals would be exempt from the community engagement requirements.

In reference to SNAP, Mr. Beard state that failure to comply with the work requirement results in suspension of benefits. An able bodied adult without dependents (ABAWD) who loses eligibility, may regain eligibility by being compliant for 30 days. Mr. Beard stated that ABAWDs who participate in the SNAP can take part in the SNAP Employment and Training program to help meet this requirement. In July 2019, 71,038 individuals were deemed work registered and of those individuals, 56,346 were ABAWDs. Mr. Beard overviewed the Kentucky Works Program which assists work-eligible individuals who receive Kentucky Transitional Assistance Program (KTAP) with employment and educational training.

Mr. Beard stated that in benefit cliff scenarios, benefits decrease as earnings increase, and the loss of benefits may partially or completely offset the family's new earnings. In some cases, the loss of benefits is abrupt. To address the concern of the benefit cliff, Kentucky has created a two-month earned income exclusion where each adult in a KTAP case is allowed a one-time exclusion of wages as an incentive to become employed

or to improve their employment situation; improvements include a raise in pay, a different job, and moving from part-time to full-time. Mr. Beard stated that the Department of Family Support has also created a Work Incentive Program (WIN) where employed adults of a KTAP case with discontinued earnings may be eligible for WIN reimbursement payments of \$130 per month for up to nine consecutive months.

In response to questions from Representative Kulkarni, Tracy Williams, Program Manager, Kentucky HEALTH, stated that Medicaid participants who are self-employed can report their hours worked through the Kentucky HEALTH website. Mr. Beard followed up stating that the Internal Revenue Service will also document self-employed hours and verify if the hours netted meet the required number of hours to meet the requirement.

In response to questions and comments from Mr. Wagner, Mr. Beard detailed that funding sources impact the employment training options allowed each program; KTAP funded through a block grant and the Supplemental Nutrition Assistance Program (SNAP) funded by 50/50 state and federal funds.

In response to questions and comments from Senator Humphries, Mr. Beard stated that the Kentucky Works Program has been in place since the 1990s with multiple enhancements made since the late 1990s.

### **Adjournment**

There no further business, the meeting was adjourned at 5:45pm.