Policy Matters Ohio

SENATE TESTIMONY

Kathryn Poe
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Senate Testimony to Medicaid Committee

My name is Kathryn Poe and I am the Health and Budget Researcher at Policy Matters Ohio. Policy Matters Ohio is an independent nonprofit think tank focused on the economic security of Ohioans from all walks of life. Today we are here to express our significant concerns about the work waiver as proposed by the state of Ohio, which would fundamentally change Medicaid eligibility for many Ohio adults.

Work requirements do not make a more effective or affordable Medicaid system and making these changes to our system at this time may add flames to the already struggling landscape. For example, Georgia was one of the first states to implement work requirements through the Georgia Pathways program and has run into major issues in implementation that have made national headlines. More than 40% of Georgia's counties still had fewer than 10 enrollees despite the state having one of the highest percentages of uninsured populations in the nation. As a result, members of Congress, including Georgia Senators Ossoff and Warnock, have asked for an investigation into the Georgia Pathways program.

The Georgia program requires substantial paperwork through a lengthy and intrusive online application, on top of a high estimated cost for program operation - an average of $13,000 was spent per enrollee in combined state and federal funds. This is extremely high – according to KFF data from 2021, the average spent in Ohio on an adult is $6,221 dollars and $8,180 for ACA Expansion adults. According to the Department of Medicaid data in 2022, the average cost per enrollee in Ohio from all groups is $9,520.

Other states that have implemented the program include Arkansas, which created so many losses in their Medicaid system in just one year (at almost 18,000 in one year) that a federal judge put the program on hold in 2019. Studies of Arkansas's program show that these types of interventions also do not boost workforce involvement or community activities for low-income adults – a study done on Arkansas's program showed no evidence that low-income adults had increased their employment or other community engagement activities either in the first year when the policy was still in effect or in the longer term, after the policy was blocked. For those initially removed from the program, there were major long-term adverse outcomes, from delayed care and substantial medical debt that averaged over $2,200 for respondents of one survey.

In addition, Ohio will be going through its budget process this spring, and these extra costs are not currently calculated in our state budget projections. The Ohio Department states that they currently do not know how much a third-party vendor will cost and intend to ask the federal government to cover this cost. But there is no guarantee they will do so – especially given the new administration's view of more restrictive Medicaid spending.

This year may be a complicated one for Medicaid spending broadly, as the new administration and congress weigh major changes to the system, including interventions like a lifetime cap to Medicaid recipients, changes to the affordable care act, and changes to the federal matching funds a state receives. If any of these changes take place, it could blow a substantial hole in Ohio's Medicaid budget on top of the new work requirement strain on the system. This waiver lasts for 5 years – what happens if we're approved and there's a major overhaul to Medicaid at the federal Level? Ohio would be left the foot the bill to this program and even more.

All of these issues are compounded by the sheer administrative burden of implementation for Ohio. For people that fall within specific categories, like people receiving unemployment, or people who are experiencing domestic violence or homelessness, verification could be incredibly complicated. Work requirements prevent people from accessing health care for reasons that are outside their control. For example, Family emergencies, inconsistent childcare, or sudden illnesses can also disrupt a person's ability to work. Many low wage workers struggle to get enough hours to support themselves week to week – someone may work 15 hours one week and 32 another week. There are other hidden administrative nightmares here – if you're a married women who's recently changed her last name, any discrepancy in your records between you and your employer could cause a major issue.

Lastly, while adults with major disabilities are supposed to be exempt, it's difficult to know what this means. Simply, who decides who is too sick to work? Chronic conditions often take many years to be diagnosed. For example, Lupus can take on average 6 years to be diagnosed. Endometriosis can take 10. Cancers like Leukemia can take months to years. As a bone marrow transplant survivor myself, I can attest to the reality that you often feel sick for a very long time before you are given a diagnosis that would except you from any kind of work requirement. Because of this reality, someone with a progressive, but undiagnosed cancer, may never even be able to seek diagnosis because they do not have health insurance. For mental illnesses, there's a similar barrier. Verification and diagnosis of mental illness often come late in the process after someone has already lost a job or is experiencing addiction. *What happens to someone before they receive treatment? How do they enroll in the initial addiction treatment without insurance?*

All of the evidence on work requirements shows us that this is a bad idea for Ohio, including data from our own systems that shows that a roll-back on Medicaid in anyway would severely threaten any progress Ohio has made in health insurance coverage. There is no evidence that Medicaid work requirements achieve their goal – *helping people work and build a life for themselves!*

The ability to develop and implement a work requirement waiver was set in 2018, at a time before a global pandemic and before work requirement waivers have ever been tested in places like Georgia and Arkansas. Our understanding of health and the efficacy and cost of these programs has changed since that time. Ohio must delay the implementation of a waiver program to allow the federal government the time to sort out the next steps for the program nationwide, investigate what went wrong in other states, and prepare to fill the potential gaps in our budget this program may create in the future.