
Proposals to amend the State Constitution to require some parents and other non-elderly adults to meet work reporting requirements in order to be eligible for Medicaid could **cost Missouri more than \$215 million a year in state general revenue to implement.**

Evidence from other states shows that these types of requirements increase administrative burdens and create significant costs associated with new tracking mechanisms and the implementation of federally required work supports like job training, child care and transportation.

Missouri lawmakers are considering a number of proposals that would amend the State Constitution to require some parents and other non-elderly adults to meet work reporting requirements in order to be eligible for Medicaid. If one of the measures is approved by lawmakers, it would be put before voters on either the August or November ballot.

There are two main “buckets” of state cost associated with Medicaid work requirements:

- The first bucket is the cost of implementing federally required work supports including training, child care and transportation. This cost, which is considerable, is not eligible for federal reimbursement under Medicaid.
- The second bucket is the cost associated with administration of new reporting and tracking mechanisms, which could include expanded technology and staffing needs that would allow the state to track work hours of Medicaid participants. This cost may be eligible for a federal match.

Reporting Requirements Trigger Unfunded Mandate

Federal law requires that states that implement work reporting requirements provide job skills

training, job search assistance, child care assistance, transportation and other supports.

However, the cost of the new training and supports are not eligible for federal reimbursement through Medicaid, essentially creating an unfunded mandate.

- Indiana estimated that employment and training programs would cost \$90 per person per month to implement. The state requested federal funding to offset the cost, but the request was denied. As a result, Indiana paid \$140 million to implement work reporting requirements for 130,000 people.
- Kentucky spent \$100 million before the Courts invalidated the requirements in that state.

Using these state examples, the cost of the required training alone would translate into a \$216 million annual expense for Missouri. This expense would be paid entirely with state general revenue tax dollars, a significant hit to the state budget.

Moreover, costs to cover child care assistance and transportation would be **in addition** to the training costs. The state would be required to cover these additional expenses whether an

individual was engaged in work, education, or job training. As a result, the total state general revenue cost to Missouri, including new administrative costs, training and work supports is likely to far exceed even the \$216 million annual projection.

Administrative Costs Vary Significantly

Concerned about the second bucket of federal cost, the U.S. Government Accountability Office (GAO) recently analyzed the fiscal impact of administering work reporting requirements in the five states that received waivers to implement them in their Medicaid programs. The GAO found that the cost of new administration ranged significantly, from \$6.1 million to \$271.6 million. The GAO encouraged CMS to increase its assessment and oversight of these costs.

The GAO analysis did not include the costs associated with training and work supports, described previously.

Administrative Cost of Work Requirements

U.S. General Accounting Office

October 2019

State	# of Recipients	Cost in Millions	% Federal Share
Kentucky	620,000	\$271.6	87%
Wisconsin	1,500,000	\$69.4	55%
Indiana	420,000	\$35.1	86%
Arkansas	115,000	\$26.1	83%
New Hampshire	50,000	\$6.1	79%

Notes

1. Among others, the proposals include Senate Joint Resolution 32, Senate Joint Resolution 60, House Joint Resolution 106
2. Legal Services of Eastern Missouri, "Medicaid Work Requirements and Missouri: Preliminary Analysis," January 21, 2020
3. This cost assumes Medicaid expansion is approved by voters and assumes that the new requirements would apply to as many as 200,000 parents and childless adults.
4. Some Medicaid enrollees may also be enrolled in another federal assistance program that includes federally-funded work support services, such as TANF. However, the number of parents that are considered part of a TANF family has dropped to just 5,000 - just a tiny fraction of Medicaid enrollees that would fall under the Medicaid work reporting requirements.

As a result, Missouri's existing programs are unlikely to already cover the costs of training and supports for those who would be newly subject to the requirements under Medicaid.

The number of families enrolled in TANF declined drastically following the implementation of Senate Bill 24 (passed in 2015), which imposed sanctions and reduced timeframes for which families could be eligible for TANF. Since the implementation of that bill in 2016, the number of families and children assisted by TANF has dropped by 60%.

5. The U.S. Government Accountability Office, "MEDICAID DEMONSTRATIONS: Actions Needed to Address Weaknesses in Oversight of Costs to Administer Work Requirements," October 2019, available at the following link (downloaded on January 27, 2020): <https://www.gao.gov/assets/710/701885.pdf>