

# Federal Medicaid Waivers: Still a Bad Fit for Pennsylvania

Pennsylvania Medicaid covers nearly 2.9 million Pennsylvanians, most of whom are children, older adults, and individuals with disabilities. Medicaid ensures that children can access preventive care like vaccinations, and it provides early intervention services for children with autism or serious disabilities. It helps older adults and individuals with disabilities to live independently, and it pays for quality nursing home care when necessary. It helps workers to stay healthy and employed.

Through federal Medicaid “waivers,” the federal government agrees to waive certain Medicaid rules to allow states to try out new ways to provide Medicaid services. Pennsylvania has eleven federal Medicaid waivers that improve the program. Most allow Pennsylvania to provide long term services and supports to older adults and individuals with disabilities who would otherwise need nursing home care.

In 2014, Pennsylvania applied for new waivers under the *Healthy Pennsylvania* initiative. The waivers would have allowed Pennsylvania to impose work requirements even for some Medicaid enrollees with disabilities, charge unaffordable premiums and lock enrollees out of coverage for inability to pay, and limit access to federally qualified health centers.

The proposed waivers [were deeply unpopular in Pennsylvania](#). The federal government ultimately [approved only four of the waivers](#), finding that the others did not help Pennsylvania to advance the goal of the federal Medicaid program, to “furnish medical assistance.” Pennsylvania canceled the waivers in 2015, as it adopted traditional Medicaid expansion.

In 2017, the newly appointed head of the federal Centers for Medicare & Medicaid Services (CMS) sent a letter to states, inviting them to apply for new waivers. Just as with *Healthy Pennsylvania*, waivers that would create red tape for Medicaid enrollees are still a bad fit for Pennsylvania.

## ❖ **Waivers that create red tape for Medicaid enrollees would harm Pennsylvania families.**

Unlike waivers that allow older adults and individuals with serious disabilities to remain independent in their homes, waivers through initiatives like *Healthy Pennsylvania* would harm Pennsylvania families by making it harder for them to qualify for and keep their health coverage. They would create new costs for Pennsylvania, wasting state and federal Medicaid dollars. States are considering harmful waivers to:

- ◆ **Impose work requirements.** As discussed more below, most adult Medicaid recipients are working or looking for work, or have barriers to work like disability or illness. Work requirements would not create incentives for work. They would just keep enrollees from the coverage they need to get healthy and move into the workforce when they are able.
- ◆ **Establish unaffordable premiums.** A [significant body of research](#) shows that premiums for Medicaid enrollees result in loss of coverage, unmet health care needs, and adverse health outcomes. Premiums are also expensive and burdensome to administer.



- ◆ **Lock enrollees out of coverage for inability to pay premiums.** Some states would establish “lockout periods,” through which enrollees would not be permitted to reenroll in Medicaid after they missed paying premiums until they waited for a set period of time and paid off the money owed, even if they had medical emergencies that necessitated medical care. Lockout periods would increase health care costs for everyone by pushing Medicaid enrollees into expensive emergency rooms for care.
- ◆ **Limit enrollees’ access to health care providers.** States have proposed limiting reimbursement to federally qualified health centers, funding for family planning services, and nonemergency transportation to medical appointments for enrollees who are too sick or poor to get to appointments on their own. These limits would create barriers for the sickest and poorest enrollees. The barriers could force Pennsylvania families to forgo preventive care or health services, ultimately resulting in greater need for ambulance services or emergency room visits.
- ❖ **Work requirements would waste Pennsylvania’s Medicaid dollars without creating new incentives to work.** The Kaiser Family Foundation [compiled national data on Medicaid and work](#), finding that nearly eight in ten Medicaid adults are in working families, and more than half are working themselves. Medicaid adults who are not working report that they are not working due to an illness or disability or a family member who needs care, or because they are in school, looking for a job, or retired.

Pennsylvania’s own Medicaid data is consistent with national trends. A [study issued by the Department of Human Services](#) following the first year of Medicaid expansion found that nearly half of enrollees covered by Medicaid expansion were working throughout the first year, while many enrollees [were diagnosed with serious chronic illnesses](#) like heart disease and diabetes that impacted their ability to work.

Meanwhile, work requirements are difficult and expensive to administer. States would have to track the number of hours that each Medicaid enrollee spent completing approved activities each month, which would be costly and time-consuming. Many states would offer exemptions for serious disabilities or domestic violence, which would require additional resources to administer and track. In a state like Pennsylvania, which has 1.6 million adult Medicaid enrollees, administering a Medicaid work requirement would be a massive undertaking that would waste limited resources.

- ❖ **Pennsylvania’s last effort to seek waivers to create red tape for Medicaid enrollees, the *Healthy Pennsylvania* initiative, was disastrous.** While CMS denied many of Pennsylvania’s waiver requests under *Healthy Pennsylvania*, Pennsylvania did put in place new red tape for current and prospective Medicaid enrollees. The results were disastrous. Most notably, [drug and alcohol treatment providers were not paid](#) for thousands of people who received treatment.

Ultimately, Pennsylvania removed barriers to Medicaid access and adopted a straightforward Medicaid expansion. Pennsylvania can learn from its recent past; it can opt not to pursue federal Medicaid waivers to create red tape for enrollees.

