

September 26, 2018

The Honorable Alex Azar, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington, D.C. 20201

Dear Secretary Azar:

I am writing on behalf of First Focus, a national, bipartisan children's advocacy organization dedicated to making children and families the priority in federal policy decisions. Please accept these comments in response to the South Dakota Career Connector 1115 Waiver Application submitted by the state of South Dakota on August 10, 2018.

The waiver submitted by South Dakota seeks to impose work requirements on a portion of the state's Medicaid recipients. Since South Dakota declined to expand Medicaid through the Affordable Care Act (ACA), only very low-income adults, parents and caregivers receive Medicaid. In order to receive health care through Medicaid in South Dakota, recipients must have an income below 50 percent of the federal poverty limit (FPL), which is only about \$883 per month or \$10,596 per year for a family of three.

As a result, the South Dakota Career Connector program will only affect those with the absolute lowest incomes in the state. The proposed work requirements would require qualifying recipients to work at least 80 hours per month. In South Dakota, a person working 80 hours a month, even at minimum wage, would make at least \$708 a month, which would already be threatening the Medicaid threshold. This leaves participants with little leeway for working either more hours or for a higher wage at the risk of losing their full health coverage, thus hindering the economic mobility that the waiver claims to enhance.

The South Dakota Career Connector program aims to combat this "subsidy cliff" by providing a year's worth of Transitional Medical Benefits, 12 additional months of premium assistance, and, for those eligible, co-payment assistance for child care expenses. What this program is asking, in essence, is for people making barely over 50 percent of the Federal Poverty Line to start making partial health care and child care payments before being expected to pay the full cost of private insurance only a year later. While this would provide a temporary solution to the subsidy cliff issue, it will ultimately just delay the inevitable loss of coverage by South Dakota's most vulnerable population.

South Dakota's proposal estimates that 15 percent of the program's roughly 1,300 participants will lose coverage annually. This percentage includes those who will lose eligibility due to increased income, in which they will enter the "catch-22" situation explained above, as well as those who decline to participate in the program or do not meet its requirements. However, the two counties involved in the pilot program, Minnehaha and Pennington counties, are South Dakota's most populous counties and, according to the waiver, the most equipped for employment and job training. Therefore, the number losing coverage would almost certainly balloon if this pilot program expands statewide in the future as the waiver says may happen.

It is troubling that South Dakota does not make clear just how they arrived at their projections, but it is perhaps even more troubling that they completely fail to mention or include the people who will lose coverage despite meeting the work requirements or qualifying for an exemption. Though the proposal does not mention it, those subject to work requirements will, at the least, have to report their employment monthly in order to demonstrate compliance. There is substantial evidence indicating that reporting requirements can result in the loss of Medicaid eligibility by individuals who otherwise meet eligibility requirements. In fact, the Kaiser Family Foundation [recently estimated](#) that nationwide work requirements would cause anywhere from 1.4 million to 4 million people to disenroll from Medicaid, of which many would be people who are already working or should be exempt.

This problem has already come to fruition in Arkansas, which is the first state to implement work requirements. Of the first group of almost 26,000 beneficiaries subject to work requirements in June, the state determined that more than 15,000 were exempt from reporting based on information in their case files, and over 2,000 people reported exemptions. However, over 4,300, or about 17 percent of, beneficiaries lost coverage on September 1st likely because they did not report their work or work-related activities. As we have seen in Arkansas, bureaucratic red tape and lack of information or knowledge of the policy can exacerbate disenrollment from Medicaid due to work requirements, and South Dakota offers no plan to combat this.

One of the most concerning aspects of South Dakota's Career Connector program is its utter disregard for families with children. The proposal wishes to limit exemptions for parents with children to only exempt parents with children under the age of one. In other words, parents will have to abdicate their childcare duties and put their own health care at risk during their child's most formative years and even before they are old enough to attend school. This inexplicably low cutoff for an exemption is new territory for work requirement proposals. As of now, nine other states have filed similar waivers that include work requirements for certain Medicaid populations. Of those nine states, five – [New Hampshire](#), [Kansas](#), [Maine](#), [Mississippi](#), and [Utah](#) – exempt all parents or primary caregivers of children under the age of six, and the remaining four states – [Kentucky](#), [Arizona](#), [Ohio](#), and [Wisconsin](#) – exempt all parents and caregivers of all minor children. While we do not support work requirements for parents and caregivers of children of any age, the meager exemption proposed by South Dakota is particularly egregious.

Parents are meant to be with their children and care for them during their early years, not working so they can hold on to their health insurance. Early childhood, from birth to until the start of school, encompasses one of the most significant periods for brain development. Around 90 percent of the child's brain develops by the age of five. [Studies show](#) that the child's brain doubles in size in the first year of life and keeps growing to about 80 percent by the age of three and 90 percent by age five. During the child's first five years, the neurons create at least [one million new connections](#), which is far more than at any other time in an individual's life. Lack of access to healthcare can negatively impact a child's early development and, subsequently, his or her long-term success. Long before most children step into the classroom, their neurons construct networks, cognition skyrockets, language increases, and the foundation is laid for a lifetime a learning. The absence of childcare supports for their parents puts these children at extra risk during these vulnerable years.

Young children need the utmost attention to ensure they are given the proper support they need to foster healthy development. Parenting a child, especially a young child, is a full-time job in and of itself and without high quality childcare supports, it is best if parents are present and able to carry out this job. That being said, when the state forces a parent to seek and maintain mandatory employment or forces them off of their medical coverage during this formative time, their child pays the price. This is why South Dakota's proposal to include parents of children over the age of one is ill-advised. South Dakota states that the goal of the Career Connector Program is to improve self-sufficiency within the state, and the best way to do this is to raise happy and healthy children that grow up to be productive and self-sufficient adults.

While helping connect people to work is a worthwhile goal and should be pursued, putting a person and their family's health and wellbeing up as collateral is a misguided way to achieve it. A recent [literature review](#) study on the relationship between health and work concludes that "the large body of research on the link between work and health indicates that proposed policies requiring work as a condition of Medicaid eligibility may not necessarily benefit health among Medicaid enrollees and their dependents, and some literature also suggests that such policies could negatively affect health." On top of this, we are concerned about how this proposal will specifically harm South Dakota's children.

South Dakota projects that the Career Connector program will cut adults, including those with children over the age of one, off of Medicaid. Since [studies show that children are less likely to have their own coverage](#) if their parents are uninsured, the adults' loss of coverage will almost certainly have negative effects on their children. Being uninsured is a serious problem for children and carries long-term consequences. Conversely, being on Medicaid has proven health benefits for children. [Children who have Medicaid](#) are more likely to have their health needs addressed, have greater educational attainment, and have better economic outcomes as adults compared to those not enrolled. Also, uninsured parents further harm families through greater risk for medical debt, unpaid bills, and bankruptcy, which runs counter to the state's goal for the program to enhance economic self-sufficiency.

The [American Academy of Pediatrics recommends](#) that babies get checkups at birth, three to five days after birth, and then at 1, 2, 4, 6, 9, 12, 15, 18, and 24 months. Babies may receive referrals for additional assessment and treatment during or between any of these appointments. A lack of coverage during these years, which is more likely if their parents lack coverage, puts these children at increased risk to be uninsured.

We strongly oppose approval of this waiver and urge you to reject it. Thank you for considering comments and please contact Bruce Lesley at brucel@firstfocus.org if you have any questions.

Sincerely,



Bruce Lesley
President