Testimony Regarding HB 2064, the KanCare Bridge to a Healthy Kansas Program
February 2017

Dear Chairman Hawkins and Members of the House Health and Human Services Committee:

My name is Jean P. Hall and I am a professor of health policy for an academic medical center in the state of Kansas. Thank you for this opportunity to provide testimony in support of Medicaid Expansion in Kansas. I am presenting today findings from a national study regarding employment of people with disabilities living in Medicaid expansion states compared to those living in non-expansion states (see attached article). Using national data from the Urban Institute's Health Reform Monitoring survey, my co-authors and I found that employment among people with disabilities living in Medicaid expansion states increased after implementation of the expansion in 2014, while rates of employment for people with disabilities living in non-expansion states decreased over the same time period. **In 2015, people with disabilities living in Medicaid expansion states were significantly more likely to be employed than those living in non-expansion states, even after we controlled for local employment rates in each state.** For this study, people with disabilities included those with chronic physical and mental health conditions.

Kansas has a strong tradition of supporting and encouraging employment for its citizens with disabilities through legislation such as Employment First and through programs like the Medicaid Buy-In program, Working Healthy. But, these initiatives and programs are not sufficient. **The great majority of Kansans with disabilities are still unemployed. The state is missing a critical opportunity to allow many more people with disabilities to work and maintain their Medicaid coverage via the Medicaid expansion. Contrary to the arguments of some in the legislature, we found that people with disabilities are *more likely* to work in states that expanded Medicaid.** Expanding Medicaid should therefore be seen not as a handout, but rather as a springboard to employment. As people with disabilities no longer have to go through a disability determination process to qualify for federal cash benefits and Medicaid, they will be able to increase their employment and they will also be paying state income taxes and helping to offset their medical costs. Moreover, **our previous evaluation of the Working Healthy program in Kansas found that, as Kansans with disabilities increased their employment levels, their medical costs actually decreased. This is a win-win situation for people with disabilities, their communities, and the state.**

I would be pleased to answer any questions you might have about our national study or our statewide evaluation of the Working Healthy program. Thank you for all that you do to empower people with disabilities to be contributing members of the Kansas economy.

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Effect of Medicaid Expansion on Workforce Participation for People With Disabilities

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Objectives. To use data from the Health Reform Monitoring Survey (HRMS) to examine differences in employment among community-living, working-age adults (aged 18–64 years) with disabilities who live in Medicaid expansion states and nonexpansion states.

Methods. Analyses used difference-in-differences to compare trends in pooled, cross-sectional estimates of employment by state expansion status for 2740 HRMS respondents reporting a disability, adjusting for individual and state characteristics.

Results. After the Affordable Care Act (ACA), respondents in expansion states were significantly more likely to be employed compared with those in nonexpansion states (38.0% vs 31.9%; $P = .011$).

Conclusions. Prior to the ACA, many people with disabilities were required to live in poverty to maintain their Medicaid eligibility. With Medicaid expansion, they can now enter the workforce, increase earnings, and maintain coverage.

Public Health Implications. Medicaid expansion may improve employment for people with disabilities. (*Am J Public Health.* Published online ahead of print December 20, 2016: e1–e3. doi:10.2105/AJPH.2016.303543)

Working-age adults with disabilities are particularly vulnerable to gaps in the US health insurance system.[1] Compared with people without disabilities, they are more likely to be in fair to poor health, experience significant psychological distress and comorbid health conditions, and have lower income and employment.[2] The Affordable Care Act (ACA) addresses this coverage gap by supporting states to expand Medicaid programs to individuals with income up to 138% of the federal poverty level. However, a Supreme Court decision allows states to opt not to expand their programs; thus, in some states a coverage gap remains for people with too much income to qualify for Medicaid and too little for marketplace plan subsidies.[3] In the 19 states not expanding Medicaid as of June 2016, the average monthly income limit for the categorically eligible Medicaid aged, blind, and disabled population is 85% of the federal poverty level, or less than $834 per month.[4]

New coverage options under Medicaid expansion that allow individuals to work more and accumulate assets potentially could benefit many people with disabilities. Many would no longer need to apply for Supplemental Security Income and live in poverty simply to qualify for Medicaid—a phenomenon referred to as health insurance–motivated disability enrollment.[1] Therefore, we investigated the important question of whether people with disabilities in expansion states were more likely to participate in the workforce than those living in nonexpansion states.

METHODS

We used data from the Urban Institute's Health Reform Monitoring Survey (HRMS; http://hrms.urban.org/survey-instrument). HRMS is a nationally representative Internet survey of approximately 7400 working-age adults fielded quarterly—first quarter of 2013 through first quarter of 2015—and semiannually thereafter.[5] We used data from 10 rounds: first quarter of 2013 through third quarter of 2015.

Respondents were drawn from GfK's KnowledgePanel.[5] To improve representativeness among low-resource populations, GfK provides participants a laptop and Internet connection free of charge. The study sample included 2740 survey respondents who self-reported a disability in December 2014, March 2015, or September 2015 (Table A, available as a supplement to the online version of this article at http://www.ajph.org). The survey asked, "Do you have a physical or mental condition, impairment, or disability that affects your daily activities OR that requires you to use special equipment or devices, such as a wheelchair, TDD, or communications device?" Because many respondents appeared in more than 1 round of HRMS, we captured reported disability in any of these 3 rounds and applied across all rounds in which a panelist was a respondent. Our assumption was either that disability status was constant over the study time frame or that findings reflect experiences of individuals with a recent or current disability.

We used a difference-in-differences approach to assess trends over time in Medicaid expansion and nonexpansion states among pooled cross-sectional estimates of employment for adults with disabilities. State Medicaid expansion status was based on

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December 2014, when 27 states and the District of Columbia had expanded programs. Employment statuses were working, not working as a result of disability, and not working for other reasons.

We compared employment in post-ACA surveys with that of a pre-ACA baseline (quarters 1–3 of 2013). To compare changes over time, we used a multivariate regression model based on all rounds of HRMS. We use recycled predictions to test marginal effects of the interaction of time (pre- or post-ACA) and expansion status.[6] This approach allowed us to make use of all HRMS data, regardless of whether individuals had repeated measures over time. In the regression model, we controlled for differences in respondents' demographic and socioeconomic characteristics across survey rounds.

To address differences in local economies that might explain differences in the outcome of interest, we controlled for the local share of adults who were employed in 4 population groups (younger and older men and women) according to American Community Survey data, matched to HRMS respondents' age, sex, and county of residence. To assess whether changes in Medicaid expansion states were significantly different from changes in nonexpansion states, we included an interaction term between expansion status and time in the regression model.

RESULTS

Trends showed that the share of adults with disabilities who were employed increased in magnitude in expansion states and decreased in nonexpansion states. These changes were not statistically significant, possibly because of small sample size in the pre-ACA period. In addition, a lag would be expected between availability of coverage and obtaining employment.

After the ACA, however, those living in expansion states were significantly more likely to be employed (38.0% vs 31.9%; $P = .011$) and significantly less likely to be unemployed because of disability compared with those in nonexpansion states (Table 1).

TABLE 1—Post–Affordable Care Act Differences in Work for Adults With Disabilities in Medicaid Expansion and Nonexpansion States: United States, 2014–2015

Employment Status	Medicaid Expansion State[a]		
	Yes (n = 1639), %	No (n = 1101), %	P[b]
Working as paid employee or self-employed	38.0	31.9	.011
Not working for reasons other than disability	22.3	19.7	.37
Not working because of disability	39.7	48.4	≤ .001

Note. Outcomes adjusted for age, sex, race/ethnicity, health status, primary language, education, marital status, family income, urban or rural status, and local area employment.

Source. Authors' analysis of Health Reform Monitoring Survey, 2014 Quarter 4, 2015 Quarter 1, and 2015 Quarter 3.

[a]States implementing the Medicaid expansion as of December 2014 include Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Rhode Island, Vermont, Washington, and West Virginia.

[b]*P* values calculated with the *t* test.

DISCUSSION

Given poor outcomes and large health disparities for people with disabilities prior to the ACA, *Healthy People 2020* called for increasing access to health care and work opportunities to achieve health equity for this population.[2] Yet an incredible irony in the prereform health care system was that working-age people with disabilities were more likely to be uninsured if they were employed.[7] Policymakers in nonexpansion states speculated that expansion would increase dependence on public insurance and discourage working to obtain private health insurance.[8] Likewise, a widely cited pre-ACA study suggested that working people might decrease their work efforts if Medicaid eligibility expanded.[9] On the contrary, some studies indicated that people with disabilities were more likely to increase their work efforts and earnings under expanded eligibility and earnings thresholds.[10] Our findings support the latter view.

People with disabilities living in Medicaid expansion states are more likely to be employed than are those living in nonexpansion states. They are now able to access and maintain Medicaid coverage while earning at levels that previously would have made them ineligible. However, the Supreme Court decision to make Medicaid expansion optional created a coverage gap into which some people with disabilities still fall.[11] For people with disabilities in nonexpansion states, the existing population health disparities may widen.[12]

HRMS self-reported data pose 2 study limitations: (1) natural reporting biases and errors in recall and (2) possible decreases in self-reporting disabilities as the need to do so to qualify for Medicaid declined. Also, online administration may underrepresent populations that require assistance completing online forms, despite measures to provide computer access. Nevertheless, our finding is an important early contribution to understanding the effects of Medicaid expansion for Americans with disabilities. Future research to assess rates of Supplemental Security Income enrollment in expansion versus nonexpansion states might provide additional evidence to support this finding.

PUBLIC HEALTH IMPLICATIONS

Our finding has 2 major health and policy implications. First, in Medicaid expansion states, working-age adults with disabilities no longer will be required to be impoverished and apply for federal disability benefits to be eligible for public health insurance coverage. Second, to the extent that increased earnings and asset accumulation lead to improved health outcomes and decreased dependence on cash assistance, the shift from means-tested Medicaid coverage to expansion coverage could result in long-term cost savings to state and federal governments.

In summary, the natural experiment of Medicaid expansion in some states and not others allowed us to confirm that people with disabilities were more likely to participate in the workforce under the expansion. Medicaid expansion is an important policy to reduce disparities in access to care for people with disabilities and support their employment and financial independence. Although other substantial barriers to employment remain for this population, Medicaid expansion is a necessary step to achieving health equity. AJPH

CONTRIBUTORS

J. P. Hall contributed to the conceptualization and design of the study and interpretation of the data analyses and led the drafting and revisions of the article. A. Shartzer conducted the data analyses and contributed to the interpretation of the data analyses and the drafting and revisions of the article. N. K. Kurth and K. C. Thomas contributed to the conceptualization of the study, interpretation of the data analyses, and the drafting and revisions of the article.

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HUMAN PARTICIPANT PROTECTION

The Health Reform Monitoring Survey has institutional review board approval through the Urban Institute's institutional review board (federal-wide assurance 0189).

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