



## TESTIMONY ON SENATE BILL 897

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**Michigan Legislature  
House Appropriations Committee**

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Good morning and thank you for giving me the opportunity to speak with you today. My name is Mary Mayhew. I am a senior fellow with the Opportunity Solutions Project. We are a non-partisan organization dedicated to sharing proven state-level best

practices in welfare reform-nationwide to help expand opportunity for all. I am also here as a former Commissioner of the Maine Department of Health & Human Services.

The Opportunity Solutions Project and its sister organization, the Foundation for Government Accountability, have been conducting research, publishing analysis, and sharing data regarding Medicaid reforms with specific focus on promoting employment.

I am here today in support of S.B. 897. This legislation would direct the Department to submit a proposal for an 1115 demonstration project to the United States Department of Health & Human Services to support effective pathways out of poverty by requiring employment, vocational training, job search or volunteering for able-bodied adults on Medicaid.

When Medicaid was first established in the 1960s, the focus was to provide healthcare and critical services to the elderly, the disabled, and extremely low-income families. Traditional Medicaid also covers pregnant women and children at substantially higher income levels.

The expanded Medicaid population is focused solely on non-elderly, non-disabled adults between the ages of 19 and 64.

In 1996 when Congress reformed welfare and established work requirements and time limits in the newly established Temporary Assistance for Needy Families (TANF) (formerly Aid to Families with Dependent Children, AFDC) and food stamps, those requirements were not extended to Medicaid because the Medicaid populations were limited to the elderly, the disabled, and extremely low-income families. However there was one exception: In the 1996 welfare reform, when the link between TANF eligibility and Medicaid eligibility was eliminated, the federal law still permitted states to terminate Medicaid eligibility for failure to comply with work requirements.

The 1115 demonstration projects that apply work requirements to childless adults and parents (non-elderly, non-disabled) are authorized under the U.S. HHS Secretary's broad authority to approve innovative state projects that advance Medicaid objectives including the objective to support independence and self-sufficiency.

Across the country Medicaid enrollment is growing in all groups. However, one group is outpacing the rest: able-bodied adults. In Medicaid, the number of able-bodied adults has quadrupled nationally.

Work requirements in other welfare programs have proven very successful at supporting individuals from welfare to work. When Maine re-instituted work requirements for able-bodied adults on food stamps, we set in place a system to track wages and employment among those affected by the change. Through the Maine Department of Health and Human Services, we matched each individual affected by the policy change with quarterly wage records from the Maine Department of Labor. In 2016, the Maine Office of Policy and Management issued a report analyzing this data.

The report found that employment and incomes increased while caseloads declined. Those leaving welfare after work requirements were implemented saw their incomes more than double on average. Higher wages more than offset lost benefits, leaving those affected better off financially. Enrollees' financial situations improved as they left welfare and moved into the workforce, helping them achieve independence. As caseloads declined, more resources could be preserved for the truly needy, ensuring the program's long-term sustainability.

Other states have seen similar successes. Kansas, for example, tracked the impact of work requirements for able-bodied childless adults on food stamps, as well as the impact of stronger work requirement sanctions on able-bodied parents receiving cash welfare. In both cases, those leaving welfare found work in more than 600 different industries and their incomes more than doubled on average. The work requirements were followed by less dependency, more employment, and higher incomes.

The number of people dependent on welfare programs – programs like Medicaid and Food Stamps, has skyrocketed in recent years. The dependency crisis we face is troubling. But fortunately, we know what reform is best when it comes to welfare. The path forward is straightforward. What works, is work itself. Work is life-changing.

Before we can implement work requirements for Able Bodied Parents on Medicaid; we need to once and for all fully restore the work requirement for Childless, Able-Bodied Adults on Food Stamps/SNAP as a matter of basic fairness. MI has been on a VOLUNTARY 16 year old waiver of the federal SNAP work requirement. If this waiver was a person, it would be old enough to drive! Let's end this VOLUNTARY waiver of existing federal law and apply work requirements STATEWIDE for the able bodied without children on SNAP. We have record low unemployment, but not enough labor participation. We did it in Maine and they did it in Kansas and their ABAWD food stamp rolls were reduced by 80% because people simply went back to work.

When we think about welfare reform it is so easy to be distracted by the many societal problems that we can lose sight of the solution that most often gets at the root cause. Work.

None of us in the room would debate the importance of a government safety net for the truly needy.

But what happens when welfare programs are flooded with able-bodied adults?

Here is the bottom line - every dollar spent on Medicaid for able-bodied adults is a dollar that can't go to other priorities. It's a dollar that can't go to funding services for seniors, poor children, or individuals with disabilities. It's a dollar that can't go to other critical funding priorities, like education, or public safety, or infrastructure.

Most state Medicaid programs spend 80% of their funding on 20% of their population and 50% on 5% of the population. The top 20% of your Medicaid program is primarily comprised of the elderly, the disabled, and individuals with severe and persistent mental illness. Imagine the 80 year old couple with a 40 year old adult son with Down Syndrome or the 78 year old with dementia, diabetes, cardiovascular disease, COPD, and limited mobility in need of nursing facility care. For your elderly and disabled there are significant annual costs per person to support the expensive 24/7 facility-based and group home based care and support.

It is critical that state Medicaid programs are able to effectively focus on its core mission of supporting the needs of our most vulnerable while serving as an effective safety net/springboard back to independence and self-sufficiency for able-bodied adults.

It is also imperative to support effective pathways to work to meet the needs of employers who are desperate for employees. There are 6 million open jobs in the country, including a significant number here in Michigan.

Work requirements have proven to be a highly effective way to reduce dependency and increase incomes. They truly lift people out of poverty.

The research is clear: work requirements are a proven, effective way to help reduce dependency and improve the lives of millions of individuals who are currently trapped in welfare. Work restores human dignity, self-worth, self-confidence, and self-esteem.

Work Requirements have broad, bi-partisan public support. Michigan voters regardless of party support Medicaid and Food Stamp work requirements by over 70% Michigan democrats support both by over 60%. Last year the LaSata amendment to the DHHS budget bill supported restoring work requirements for the Able-Bodied on food stamps. It was supported unanimously SUPPORTED in Subcommittee by both Republicans and Democrats.

Three states, Kentucky, Indiana and Arkansas, received permission recently from the federal government to put work requirements in Medicaid. 7 states have requests for work requirements in Medicaid pending and 18 other states are moving in that direction. This critical welfare reform is spreading.

This is a win-win-win. It helps individuals trapped in dependency to get back into the workforce.

It protects taxpayers from out-of-control spending, which frees up funds for other critical priorities.

And it preserves limited resources for the most vulnerable in your state.

Work is what works to free people from dependency. Thank you. I'm happy to answer any questions.