TO: **Assembly Committee on Public Benefit Reform**
FROM: **Abby Bar-Lev Wiley, Legislative Director, Legal Action of Wisconsin**
RE: **Impact of AB 936/SB 912 on Legal Action's Clients**
DATE: **February 8, 2022**

Thank you for the opportunity to provide comments on AB 936/SB 912. Legal Action of Wisconsin (LAW) is the largest non-profit law firm providing high-quality, free civil legal aid to low-income people in 39 of Wisconsin's southern counties. Our broad reach and expertise means that we see what poverty looks like over a wide swath of the state, from urban and rural areas, from farmworkers to construction workers. One of our priority areas focuses on helping clients secure and maintain the government benefits necessary to meet their most basic needs including food, shelter, health, and income. Legal Action has serious concerns about how AB 936/SB 912 would impact our low-income clients.

AB 936/SB 912 Would Have a Devastating Impact on Low-Income Wisconsinites

AB 936/SB 912 would kick people off Medical Assistance for six months for failing to take a job or accept an increase in paid work hours or wages if done so in order to maintain eligibility for Medical Assistance. This bill would have a devastating impact on Legal Action's low-income clients and would result in gaps in coverage that could cost lives.

The vast majority of the time, our clients are thrilled to accept a job offer. Many are just as happy to accept increases in hours as well, and we have not experienced clients who have turned down increased wages for hours they are already working. However, this bill would put pressure on low-income families to accept employment or increases in hours that they may not feel capable of taking on, for a variety of reasons. Employers already have tremendous power over employees, particularly for individuals working low-wage jobs who have less education, less or no paid time off, and little or no control over the hours they work. Our clients who are able to work, as is true for working low-income people generally, tend to work hourly or several part-time jobs. Their hours and wages fluctuate based on the employer's determination. Employers are not privy to employees' personal lives, nor might they understand that their employees are working for multiple employers. AB 936/SB 912 skews the power dynamics even further in favor employers, allowing employers to rat out employees to DHS if an employee turns down a job or an increase in hours. The bill does not even require an employer's report to be "credible," opening the door for employers to report an employee any time someone rejects an employer's offer, leading to devastating results for the health and well-being of low-income Wisconsinites.

The idea that poor people must take any job, even if it does not work for them or does not sufficiently provide for their families, is an insult to the hardworking low-income Wisconsinites who work tirelessly to make ends meet. There is no real problem the bill is solving, as we have not experienced clients who turn down jobs or extra hours or wages in order to maintain benefits. There are many reasons why low-income people might decline a job or an increase in hours.

Like everyone else, they are allowed to consider all aspects of a job or hours increase to determine whether it works for them and their families before deciding whether to accept. Many low-income individuals are working multiple part-time jobs. The bill does not specify whether the 40-hours exception applies to a single job or collectively. Under the bill, an employer could report a part-time employee for rejecting an increase in hours, putting their critical Medical Assistance benefits at risk, not knowing that the employee is working two other part-time jobs and simply cannot bear more hours.

The fact that the bill does not apply to people with dependents does not protect all people with caregiving responsibilities. There are many people with low incomes who are caregivers even if they do not have dependents: a wife caring for her husband who is an injured veteran; a grandparent caring for grandchildren; an uncle who watches his sister's young children twice a week so that she can attend AA meetings; a daughter helping to care for her ailing mother. All people live complicated lives, and that is true for people with low-incomes as well. But AB 936/SB 912 would bully low-income people into accepting work simply because they are poor. It is not fraudulent to say no to a job or an increase in hours, but the bill would punish poor people nonetheless. AB 936/SB 912 would unnecessarily add additional stress, pressure, and fear onto the most economically vulnerable Wisconsinites, putting their health and lives in jeopardy.

Medicaid Churn Leads to Greater Costs, Worse Health Outcomes, and Make It Harder to Get Back to Work

The massive administrative burden that AB 936/SB 912 places on DHS would also lead to delays in coverage and worse health outcomes and would be costly. It is unclear how long a fact-finding effort to determine "knowledge" might take, but the increase in administrative burden will undoubtedly lead to delays and gaps in coverage. Studies have found that states with more Medicaid "churn"—people moving in and out of Medicaid eligibility—see higher administrative costs, less predictable state expenditures, and higher monthly health care costs. For example, "one study found adults with 12 full months of Medicaid coverage in 2012 had lower average costs ($371/month in 2021 after adjusting for inflation) than those with six months of coverage ($583/month) or only three months of coverage ($799/month)."[1] People who experience coverage disruptions are "more likely to delay care, receive less preventive care, refill prescriptions less often, and have more emergency department visits."[2]

The bill is going the opposite direction that many states have taken. Rather than looking for ways to create higher disenrollment and churn, many states have been looking to create more continuity in enrollment given the high costs, administrative burdens, and worse health outcomes associated with Medicaid churn. Prior to the pandemic, 35 states had adopted policies and

[1] Sarah Sugar, et. al, Health & Human Services, Asst. Secretary for Planning & Evaluation, Issue Brief, *Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic* (Apr. 12, 2021), *available at* https://aspe.hhs.gov/sites/default/files/private/pdf/265366/medicaid-churning-ib.pdf.
[2] *Id.*

processes to reduce churn, including such common sense measures as implementing processes to improve communication with enrollees to help prevent them from losing coverage because they do not receive or respond to notices from the state.[3] Unfortunately, AB 936/SB 912 would have the opposite impact, kicking hardworking Wisconsinites off of Medical Assistance simply because they declined a job or an increase in hours.

When people are sick and are not receiving medical care they need, or when they are unable to access preventive services, it is harder for them to get work and more likely for them to lose their jobs. Research has shown time and again that being in poor health is associated with increased risk of job loss or unemployment, while access to affordable healthcare helps people maintain or manage their health and "promotes individuals' ability to obtain and maintain employment."[4] People with low incomes already face greater health problems, which have been exacerbated by the Covid-19 pandemic. People with low incomes tend to face a number of chronic health problems, ranging from depression to asthma, diabetes and heart disease, at significantly greater levels than the rest of the population.[5] Underlying medical conditions are more likely to result in serious illness from Covid-19, putting many low-income families in the hospital or in the grave during the pandemic. Studies have found that people experiencing coverage disruptions are more likely to delay medical and preventive care, refill prescriptions less often, and visit the emergency room more frequently.[6] In fact, one study found that "unstable Medicaid coverage increased emergency department use, office visits, and hospitalizations between 10 percent and 36 percent and decreased use of prescription medications by 19 percent, compared to individuals with consistent Medicaid coverage."[7]

As a result, AB 936/SB 912 would not only result in making low-income Wisconsinites sicker, it is also more likely lead to a greater dependence on state benefits and higher unemployment. This bill does nothing to help Legal Action's clients; it does not help them obtain family-sustaining jobs that may include health benefits or improve the Medicaid system. It simply makes it harder for people to maintain the benefits they need to be able to work and stay well.

Thank you for your consideration.

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[3] Bradley Corallo et. al, *Medicaid Enrollment Churn and Implications for Continuous Coverage Policies*, Kaiser Family Foundation, Dec. 14, 2021, https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/.

[4] Larisa Antonisse & Rachel Garfield, *The Relationship Between Work and Health: Findings from a Literature Review*, Kaiser Family Foundation, Aug. 7, 2018, *available at* https://www.kff.org/medicaid/issue-brief/the-relationship-between-work-and-health-findings-from-a-literature-review/.

[5] Alyssa Davis, *With Poverty Comes Depression, More Than Other Illnesses*, Gallup, Oct. 30, 2012, https://news.gallup.com/poll/158417/poverty-comes-depression-illness.aspx?utm_source=alert&utm_medium=email&utm_campaign=syndication&utm_content=morelink&utm_term=All%20Gallup%20Headlines.

[6] Sarah Sugar, et. al, *supra* note 1 at 3-4.

[7] Sarah Sugar, et. al., *supra* note 1 at 3-4.