

For Utah, A Work Requirement by Any Other Name ... Will Still Be Struck Down in Court

Well over a year since Utah voters approved a simple Medicaid expansion, the state is implementing a complex "community engagement" requirement that involves documenting several work and work search activities. These work requirements will almost certainly be successfully challenged in court: Every Medicaid expansion work requirement that states have tried to implement has either been struck down in court or suspended by the state — with the exception of Utah and Michigan, which are both in the early stages of implementation.¹ (A lawsuit against Michigan is pending, and Utah has not been sued yet.)

So far, every lawsuit challenging CMS's approval of Medicaid work requirements has succeeded, preventing states from implementing such requirements.² In an attempt to avoid the litigation that other states have faced, Utah is introducing work requirement policies that are supposedly less stringent than those approved in other states. However, as shown in the following tables, Utah's application for a work requirement includes many of the same justifications used by other states that have been struck down by the courts. The federal courts have not allowed states to implement Medicaid waivers that required states to report on work or other documentation requirements that are not based in federal Medicaid law. Therefore, it is likely that Utah's attempt to impose such requirements will also be struck down in court as a violation of the Medicaid statute.

The following are justifications that Utah has used in its application for a work requirement, along with our comments on how similar justifications from other states have been treated in court.

Which states said it?	Did they get sued?	What was the verdict?
 Kentucky³ New Hampshire⁴ Indiana⁵ Michigan⁶ 	Yes ^{7, 8, 9, 10}	STRUCK DOWN BY FEDERAL COURT: KY ¹¹ and NH ¹² FEDERAL COURT RULING ON KY: "Even if health were [an objective of the Medicaid Act], approving Kentucky HEALTH on this basis would still be arbitrary and capricious. The Secretary, most significantly, did not weigh health gains against coverage losses in justifying the approval." DECISION PENDING: IN and MI
• Utah ¹³	ТВА	ТВА

Justification 1: A work requirement will improve the health of beneficiaries.

Justification 2: A work requirement will ensure fiscal sustainability of the state's Medicaid program.

Which state said it?	Did they get sued?	What was the verdict?
 Kentucky¹⁴ Arkansas¹⁵ New Hampshire¹⁶ 	Yes ^{17, 18, 19}	 STRUCK DOWN BY FEDERAL COURT: KY²⁰, AR²¹, NH²² FEDERAL COURT RULING ON KY: "The Secretary [of DHHS] does not make entirely clear whether he interprets fiscal sustainability to be an independent objective of the Act [E]ither way the argument is sliced, it cannot support the Secretary's reapproval [of the waiver]." FEDERAL COURT RULING ON AR: "If the explanation does not even justify affirmance of Kentucky's project, it cannot support upholding a different state's project."
• Utah ²³	ТВА	ТВА

Justification 3: Our work requirement will not result in the same coverage losses as in other states.

Which states said it?	Did they get sued?	What was the verdict?
 New Hampshire ²⁴ Indiana²⁵ Michigan²⁶ 	Yes ^{27, 28, 29}	STRUCK DOWN BY FEDERAL COURT: NH ³⁰ FEDERAL COURT RULING ON NH: ""The issues presented in this case are all too familiar. In the past year or so, this Court has resolved challenges to similar programs in Kentucky and Arkansas, each time finding the Secretary's approval deficient. The overriding shortcoming in the agency's decisions in those cases was its failure to adequately consider the requirements' effects on Medicaid coverage." DECISION PENDING: IN, MI
• Utah ³¹	ТВА	ТВА

Justification 4: SNAP and TANF already have work requirements, so Medicaid can too.

Which states said it?	Did they get sued?	What was the verdict?
 Kentucky³² New Hampshire³³ 	YES ^{34, 35}	 STRUCK DOWN BY FEDERAL COURT: KY³⁶ and NH³⁷ FEDERAL COURT RULING ON KY: "TANF has job preparation as one of its objectives and includes work requirements. That Congress allows for states to coordinate their administration of these two different programs does not transform the purposes of Medicaid." "While other welfare programs — such as Temporary Assistance for Needy Families (TANF) and Supplemental Nutritional Assistance Program (SNAP) — condition benefits on working, there is no equivalent for the Medicaid program."
• Utah ³⁸	ТВА	ТВА

After reviewing how Utah's justifications for a work requirement application stack up against other states, we see that Utah is not so different. Given that Utah uses the same justifications as other states, it is only a matter of time before the state faces the same legal challenges, resulting in the same verdicts.

Endnotes

¹ Governors in Maine and Kentucky withdrew their waivers. Arkansas and New Hampshire (and Kentucky) have had implementation of their waivers halted in court. Indiana, Wisconsin, and Arizona have delayed implementation of their waivers. Ohio and South Carolina have not yet implemented their waivers. Utah and Michigan implemented its waiver on January 1, 2020, with disenrollments set to begin on May 1, 2020 in both states.

² These lawsuits include the four states (Kentucky, Arkansas, New Hampshire, Indiana) that have attempted to implement work requirements after approval, plus one state (Michigan) that has yet to implement its work requirements. In three of those states (Kentucky, Arkansas, and New Hampshire), the court has ruled to vacate their approval, finding that the justifications for approving these work requirements are inadequate. In the two other states (Indiana and Michigan), the cases have yet to be heard in court.

³ "Kentucky HEALTH is an innovative, transformative healthcare program designed to not only stabilize the program financially, but to also improve the health outcomes and overall quality of life for all members."

"The cornerstone of the Kentucky HEALTH program is the introduction of a community engagement and employment initiative aimed at increasing workforce participation rates in Kentucky, which is critical to improving the health status of Kentuckians."

"Kentucky HEALTH seeks to comprehensively transform Medicaid and accomplish the following goals: 1. Improve members' health and help them be responsible for their health;"

KY HEALTH State Demonstration Application (CMS, 2018), <u>https://</u> www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ky/ky-health-pa3.pdf.

⁴ "The State seeks approval to empower individuals in our Premium Assistance Program to improve their health by taking an active role in engaging in their communities and by working to gain the skills necessary for long term independence and success." *New Hampshire Granite Advantage Health Care Program Pending Application* (CMS, 2017), <u>https://www.medicaid.gov/</u> <u>Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/</u> <u>downloads/nh/nh-health-protection-program-premiumassistance-pa3.pdf</u>. ⁵ "Due to the strong connection between employment and overall health, our proposed approach is inherently aligned with the overall goals of the Medicaid program." *Healthy Indiana Plan Demonstration Application - Amendment* (CMS, 2017), <u>https://</u> www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/in/Healthy-Indiana-Plan-2/inhealthy-indiana-plan-support-20-demo-app-07202017.pdf.

⁶ "In furtherance of Medicaid program objectives, Michigan seeks to promote work and community engagement and provide incentives to beneficiaries to increase their sense of purpose, build a healthy lifestyle, and further the positive physical and mental health benefits associated with work." *Healthy Michigan State Amendment Application* (CMS, 2018), <u>https://www.medicaid.gov/</u> <u>Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/</u> downloads/mi/mi-healthy-michigan-pa3.pdf.

⁷ United States District Court for the District of Columbia, *Civil Action No. 1:18-cv-152 (JEB), First Amended Class Action Complaint for Declaratory and Injunctive Relief,* 2019, <u>https://healthlaw.org/</u> <u>wp-content/uploads/2019/01/88.-Amended-Complaint_Redacted.</u> pdf.

⁸ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-773 (JEB) Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/03/NH-Medicaid-Waiver-Complaint-FINAL_</u> <u>Redacted.pdf</u>.

⁹ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-2848 (JEB) Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/09/Complaint_Rose-v-Azar-REDACTED.pdf</u>.

¹⁰ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-3526 (JEB) Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wpcontent/uploads/2019/11/Michigan-1115-Complaint-Redacted.</u> pdf.

¹¹ "[H]olding health to be a freestanding objective of the [Medicaid] Act would have bizarre results. Were that the case, nothing would prevent the Secretary from conditioning coverage on a special diet or certain exercise regime."

"Even if health were such an objective, approving Kentucky HEALTH on this basis would still be arbitrary and capricious. The Secretary, most significantly, did not weigh health gains against coverage losses in justifying the approval."

United States District Court for the District of Columbia, *Civil Action No. 18-152* (JEB) Memorandum Opinion, 2019, <u>https://www.courtlistener.com/recap/gov.uscourts.dcd.192935/gov.uscourts.dcd.192935.132.0_2.pdf</u>.

¹² "Congress therefore designed a scheme to address not health generally but the provision of care to needy populations. The Secretary cannot extrapolate the objectives of the statute to a higher level of generality and pursue that aim in the way he prefers." United States District Court for the District of Columbia, *Civil Action No. 19-773 (JEB) Memorandum Opinion*, 2019, <u>https://</u> ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2019cv0773-47.

¹³ "Recognizing the connection between employment and health, the State proposes that the work requirement will increase an individual's health and well-being through incentivizing work and community engagement." *Utah 1115 Primary Care Network Demonstration Waiver Adult Expansion Amendment Request* (Utah Department of Health, 2018), <u>https://www.medicaid.gov/</u> <u>Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/</u> <u>downloads/ut/ut-primary-care-network-pa4.pdf.</u>

¹⁴ "Kentucky HEALTH is an innovative, transformative healthcare program designed to not only stabilize the program financially, but to also improve the health outcomes and overall quality of life for all members."

"Kentucky HEALTH's design saves taxpayer dollars, critical to ensuring the program's long-term financial viability."

"Kentucky HEALTH seeks to comprehensively transform Medicaid and accomplish the following goals: ... 5. Ensure long-term fiscal sustainability."

Healthy Michigan State Amendment Application (CMS, 2018), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/ By-Topics/Waivers/1115/downloads/mi/mi-healthy-michiganpa3.pdf.

¹⁵ "The proposed changes to Arkansas Works are intended to strengthen Arkansas' program to ensure that it remains sustainable."

"Arkansas is working with its vendors to enact in the most cost-effective way possible the systems changes necessary to operationalize features of the waiver amendment." "DHS is collaborating with carriers to develop strategies promoting continuity of coverage as the State implements the Arkansas Works waiver amendment."

Arkansas Works Amendment Request (CMS, 2017), <u>https://www.</u> medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/ Waivers/1115/downloads/ar/ar-works-pa2.pdf.

¹⁶ "It is in New Hampshire's economic and financial interests to facilitate sustained employment or a return to sustained employment for as many participants as possible This trajectory provides flexibility to the state in future years to focus tax payer dollars on other vitally needed services." *New Hampshire Granite Advantage Health Care Program Pending Application* (CMS, 2017), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/ By-Topics/Waivers/1115/downloads/nh/nh-health-protectionprogram-premium-assistance-pa3.pdf.

¹⁷ United States District Court for the District of Columbia, *Civil Action No. 1:18-cv-152 (JEB) First Amended Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/</u> <u>wp-content/uploads/2019/01/88.-Amended-Complaint_Redacted.</u> pdf.

¹⁸ United States District Court for the District of Columbia, *Civil Action No. 1:18-cv-01900 (JEB)? First Amended Complaint for Declaratory and Injunctive Relief*, 2018, <u>https://healthlaw.org/wp-content/uploads/2018/08/Gresham-v.-Azar-Amended-Complaint-Redacted-Nov-2018.pdf</u>.

¹⁹ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-773 (JEB) Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/03/NH-Medicaid-Waiver-Complaint-FINAL_</u> <u>Redacted.pdf</u>.

²⁰ "In this explanation, the Secretary does not make entirely clear whether he interprets fiscal sustainability to be an independent objective of the Act, or whether making the program more fiscally sustainable is essentially a point about coverage promotion — that is, whether saving money by covering fewer people is ultimately coverage promoting because any number of people Kentucky still covers under the demonstration would be greater than the number of people covered if it terminated the ACA expansion. Based on federal Defendants' representations during oral argument, it seems that the Government primarily presses the latter iteration. The Court, nevertheless, will address each in turn, finding that either way the argument is sliced, it cannot support the Secretary's reapproval here." United States District Court for the District of Columbia, *Civil Action No. 18-152 (JEB) Memorandum Opinion*, 2019, <u>https://www.courtlistener.com/recap/gov.uscourts.</u> dcd.192935/gov.uscourts.dcd.192935.132.0 2.pdf.

²¹ "[T]he Secretary justifies the Kentucky program on the ground that it advances the fiscal sustainability of the state's Medicaid program, which is at risk due to Kentucky's dire budgetary situation. Yet there is no assertion that Arkansas is suffering from similar fiscal problems."

"The final reason to reject this argument is the simplest: the justification the Secretary has given for sustaining Kentucky's program on remand is insufficient and the Court today rejects it in its latest Opinion in Stewart. If the explanation does not even justify affirmance of Kentucky's project, it cannot support upholding a different administrative decision approving a different state's project."

United States District Court for the District of Columbia, *Civil Action No. 18-1900 (JEB) Memorandum Opinion*, 2019, <u>https://ecf.dcd.</u> <u>uscourts.gov/cgi-bin/show_public_doc?2018cv1900-58</u>.

²² "Congress therefore designed a scheme to address not health generally but the provision of care to needy populations. The Secretary cannot extrapolate the objectives of the statute to a higher level of generality and pursue that aim in the way he prefers." United States District Court for the District of Columbia, *Civil Action No. 19-773 (JEB) Memorandum Opinion*, 2019, <u>https://</u> ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2019cv0773-47.

²³ "To the extent that the demonstration helps individuals achieve improved health, the demonstration may make these individuals less costly for Utah to care for, thus further advancing the objectives of the Medicaid program by helping Utah stretch its limited Medicaid resources responsibly, [and] ensure the long-term fiscal sustainability of the program." *Utah Primary Care Network Community Engagement Amendment Approval* (CMS, 2019), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ut/Primary-Care-Network/ut-primary-care-network-community-engagementamndmnt-appvl-03292019.pdf.

²⁴ "As the State implements newly approved work and community engagement requirements, it will undertake active outreach to beneficiaries and partner with community stakeholders to ensure that beneficiaries understand program requirements and do not lose coverage as a result of noncompliance." *New Hampshire Granite Advantage Health Care Program State Application – 2018 Extension* (CMS, 2018), https://www.medicaid.gov/Medicaid-

<u>CHIP-Program-Information/By-Topics/Waivers/1115/downloads/</u> nh/nh-health-protection-program-premium-assistance-pa4.pdf.

²⁵ "The HIP Workforce Bridge Amendment will incorporate the following goals into the HIP Demonstration. 1. Reduce the benefit cliff faced by individuals transitioning from HIP to commercial coverage. 2. Support successful uptake of and continued enrollment in commercial coverage. 3. Increase insurance uptake and reduce the number of individuals who leave HIP and are uninsured. 4. Reduce churn between HIP and commercial coverage or uninsured status." *Healthy Indiana Plan Pending Application -Workforce Bridget Account Amendment* (CMS, 2019), <u>https://www. medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/</u> <u>Waivers/1115/downloads/in/in-healthy-indiana-plan-support-20pa6.pdf</u>.

²⁶ "Through this waiver amendment, MDHHS has incorporated the many provisions of PA 208 of 2018 that provide beneficiaries relief from the workforce engagement requirements. The law includes an array of exemptions and provides up to three months of noncompliance in a 12-month period. Additionally, MDHHS has created a robust process to identify medically frail individuals who are exempt from the workforce engagement requirements. Individuals who feel they are unable to meet the workforce engagement requirements have the option of completing an MDHHS Medical Exemption Request form. The form requires the signature of a healthcare provider, attesting to the beneficiary's inability to meet the workforce engagement requirements." *Healthy Michigan State Amendment Application* (CMS, 2018), https://www. medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/ Waivers/1115/downloads/mi/mi-healthy-michigan-pa3.pdf.

²⁷ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-773 (JEB) Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/03/NH-Medicaid-Waiver-Complaint-FINAL</u> <u>Redacted.pdf</u>.

²⁸ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-2848 (JEB) Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/09/Complaint_Rose-v-Azar-REDACTED.pdf</u>.

²⁹ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-3526 Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/uploads/2019/11/Michigan-1115-Complaint-Redacted.pdf</u>.

³⁰ "The issues presented in this case are all too familiar. In the past year or so, this Court has resolved challenges to similar programs in Kentucky and Arkansas, each time finding the Secretary's approval deficient. The overriding shortcoming in the agency's decisions in those cases was its failure to adequately consider the requirements' effects on Medicaid coverage."

"And New Hampshire's proposed project presents, if anything, greater coverage-loss concerns than Kentucky's and Arkansas's, given the hours requirement and the age range to whom it applies."

United States District Court for the District of Columbia, *Civil Action No. 19-773 (JEB) Memorandum Opinion*, 2019, <u>https://ecf.dcd.</u> <u>uscourts.gov/cgi-bin/show_public_doc?2019cv0773-47</u>.

³¹ "Utah's community engagement requirement is a slightly different model than those that CMS has approved in other community engagement Section 1115 demonstrations to date. In contrast to other demonstrations, Utah is not counting working 30 hours or more a week or being enrolled at least half-time in an educational/training program as a qualifying activity, but rather as exempting the beneficiary from the otherwise applicable requirement to complete the community engagement activities." *Utah Primary Care Network Community Engagement Amendment Approval* (CMS, 2019), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ ut/Primary-Care-Network/ut-primary-care-network-communityengagement-amndmnt-appvI-03292019.pdf.

³² "Kentucky HEALTH seeks to align with the Supplemental Nutrition Assistance Program (SNAP) by requiring 20 hours per week (80 hours per month) for non-exempt individuals." *KY HEALTH State Demonstration Application* (CMS, 2018), <u>https://</u> <u>www.medicaid.gov/Medicaid-CHIP-Program-Information/By-</u> <u>Topics/Waivers/1115/downloads/ky/ky-health-pa3.pdf</u>.

³³ "The State acknowledges that CMS has encouraged alignment of Medicaid work requirements with TANF/SNAP requirements. The State will consider in its rulemaking process alignment of rules between the two." *New Hampshire Granite Advantage Health* *Care Program State Application – 2018 Extension* (CMS, 2018), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/ By-Topics/Waivers/1115/downloads/nh/nh-health-protectionprogram-premium-assistance-pa4.pdf.

³⁴ United States District Court for the District of Columbia, *Civil Action No. 1:18-cv-152 (JEB) First Amended Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/</u> <u>wp-content/uploads/2019/01/88.-Amended-Complaint_Redacted.</u> <u>pdf.</u>

³⁵ United States District Court for the District of Columbia, *Civil Action No. 1:19-cv-773 (JEB) Class Action Complaint for Declaratory and Injunctive Relief*, 2019, <u>https://healthlaw.org/wp-content/</u> <u>uploads/2019/03/NH-Medicaid-Waiver-Complaint-FINAL_</u> <u>Redacted.pdf</u>.

³⁶ "TANF has job preparation as one of its objectives and includes work requirements. That Congress allows for states to coordinate their administration of these two different programs does not transform the purposes of Medicaid." United States District Court for the District of Columbia, *Civil Action No. 18-152 (JEB) Memorandum Opinion*, 2019, https://www.courtlistener.com/ recap/gov.uscourts.dcd.192935/gov.uscourts.dcd.192935.132.0 2. pdf.

³⁷ "Congress therefore designed a scheme to address not health generally but the provision of care to needy populations. The Secretary cannot extrapolate the objectives of the statute to a higher level of generality and pursue that aim in the way he prefers." United States District Court for the District of Columbia, *Civil Action No. 19-773 (JEB) Memorandum Opinion*, 2019, <u>https://</u> ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2019cv0773-47.

³⁸ "The State proposes to align closely with the work requirements and activities of the Supplemental Nutrition Assistance Program (SNAP) program, as well as Temporary Assistance for Needy Families (TANF) work activities." *Utah 1115 Primary Care Network Demonstration Waiver Adult Expansion Amendment Request* (Utah Department of Health, 2018), <u>https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ ut/ut-primary-care-network-pa4.pdf</u>.

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