

Georgia's Medicaid work requirements costing taxpayers millions despite low enrollment

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Georgia Gov. Brian Kemp's plan for a conservative alternative to Obamacare's Medicaid expansion has cost taxpayers at least \$26 million

so far, with more than 90% going toward administrative and consulting costs rather than medical care for low-income people.

Kemp's Georgia Pathways to Coverage offers government health insurance to people earning up to the [federal poverty level](#)—\$15,060 for an individual adult—if they can document that they're working, in school, or performing other qualifying activities.

Since July, when the program began, about 3,500 people have signed up, according to [state officials](#). That's a small fraction of the Georgians who could enroll if the state expanded Medicaid without such requirements.

Republican leaders in several states have sought to require that people who are eligible for Medicaid through expansion work, arguing the health program for low-income Americans shouldn't be a handout. Kemp's experiment, aimed at single adults with low incomes who aren't already eligible for Medicaid, is the only current effort to survive legal challenges. But critics say it creates obstacles for people in need of health care while wasting taxpayer dollars on technology, consultants, and attorney's fees.

The Pathways program is "fiscally foolish and anti-family," said Joan Alker, executive director and co-founder of Georgetown University's Center for Children and Families. She noted that full-time caregiving does not qualify someone for eligibility into the program. "A lot of taxpayer money has been wasted," she said, "and not on health care for people who need it."

The state projected that administrative costs will increase to \$122 million over four years, mostly in [federal spending](#), as it rolls out key features of the program, including the collection of premiums and verifying enrollees' eligibility, according to an internal planning document dated December 2022 obtained by KFF Health News. The

primary consultant for the project is Deloitte, which is collecting hefty fees.

Georgia's GOP-led state legislature has rejected what Democrats say would be a far simpler way to cover the state's low-income workers: expanding Medicaid under the Affordable Care Act. That could make at least 359,000 uninsured people in Georgia newly eligible for Medicaid, according to KFF data. In addition, Georgia could reduce state spending by \$710 million over two years, according to KFF research from 2021.

Despite Georgia's rocky implementation experience, state Republican leaders have put off considering a full Medicaid expansion. And such conservative states as Mississippi, Idaho, and South Dakota are weighing similar work requirements.

"You're spending money, primarily here, to put people through an extra set of hoops before they get coverage," said Benjamin Sommers, a professor of health care economics at Harvard T.H. Chan School of Public Health.

The low enrollment for Pathways has disappointed supporters, as the state projected more than 25,000 residents would enroll during its first year and 52,000 by the end of five years, according to its application to the federal government.

Chris Denson, director of policy and research at the conservative Georgia Public Policy Foundation, which supports Pathways, said the low enrollment numbers are "just part of the ramping up."

The program was intended to start in July 2021 but was delayed two years due to legal wrangling. In December 2022, Georgia officials told the federal Centers for Medicare & Medicaid Services that it would cost at least \$51 million over two years to design, develop, and implement an

eligibility system, funds that would largely be channeled to Deloitte Consulting, according to the documents KFF Health News obtained.

About 45% of Pathways applications were still waiting to be processed, based on the state's most recent monthly reports, said Leah Chan, director of health justice at the Georgia Budget and Policy Institute, a nonprofit research organization that supports full Medicaid expansion.

The eligibility system, she said, "the thing that we've spent the most money on, is actually one of the things standing in the way of the program seeing higher enrollment."

The state Department of Community Health reported \$26.6 million in Pathways spending through Dec. 31, of which more than 80% was paid for using federal funds. Deloitte was paid \$2.4 million to prepare and submit the application to the federal government. Just \$2 million was paid to insurers to cover [medical care](#). In the fourth quarter, administrative costs alone rose by more than \$6 million.

The total costs do not include legal fees for defending the Pathways program. The state attorney general's office said that as of Feb. 7 those costs surpass \$230,000.

In striking contrast, North Carolina has enrolled 380,000 beneficiaries in its Medicaid expansion as of March 1, according to that state's Department of Health and Human Services. North Carolina became the 40th state to expand Medicaid under the ACA on Dec. 1, a move that has prompted fresh debate over expansion in a handful of other Southern holdout states.

Georgia, which has one of the highest uninsured rates among states, is currently the only state that requires people in its Medicaid expansion population to prove they are working or doing other qualifying activities

to gain health coverage.

A spokesperson for Kemp, Carter Chapman, told KFF Health News that the governor "remains committed to implementing Georgia Pathways, an innovative program expanding coverage to tens of thousands of otherwise ineligible, low-income Georgians, despite the Biden administration's continued efforts to disrupt its rollout."

In February, citing the delays in implementation, Georgia filed a suit against the federal government to ensure the work requirement program could continue running through 2028 instead of 2025, when it was originally scheduled to end. CMS refused to comment because of pending litigation.

Georgia's cost estimates are in line with what other states anticipated for administrative spending for Medicaid work requirement programs, including Kentucky's projected spending of \$272 million, according to a 2019 report from the Government Accountability Office, a federal agency that recommended CMS consider administrative costs in such applications.

In Arkansas, administrative costs for the state's work requirement program were nearly 30% higher than costs of running standard Medicaid in 2016, according to a report from the Arkansas Center for Health Improvement, a nonpartisan health policy group in the state.

People struggled to prove they qualified because setting up online accounts was difficult and confusing and many had limited access to the internet, said Robin Rudowitz, a vice president at KFF and director of the Program on Medicaid and the Uninsured.

Arkansas' work requirement program ended in 2019 after a judge blocked it, but not before 18,000 people lost coverage. Unlike Arkansas,

which placed a work requirement on a population already receiving Medicaid expansion benefits, Georgia is offering coverage to new people who qualify. But the program's expense may not be worth sustaining it, Sommers said.

Typically, in Medicaid, [administrative costs](#) range from 12% to 16% of overall program spending, said Laura Colbert, [executive director](#) of the advocacy group Georgians for a Healthy Future, which supports full Medicaid expansion.

"It's reasonable to expect that at least 80% of costs of a public or private health insurance plan to go toward health care and services," she said.

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