

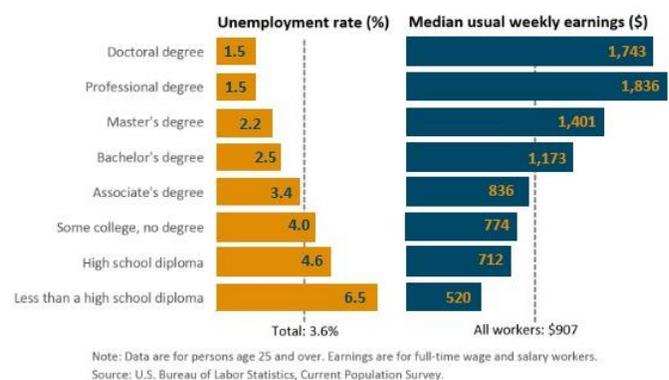
## New Medicaid Changes Harm Students, Hinder Economic Mobility

Attaining a postsecondary education can greatly increase success in today's labor market. But it is often out of reach for students from low-income families, who often receive little or no financial family support for school and who have significant unmet need even after financial aid.<sup>1</sup> Students of color face additional systemic racial and economic barriers that hinder their access and completion of postsecondary education.<sup>2</sup> While access to public support programs can be critical to reduce hardship, policymakers continue to devalue education by restricting access to programs that meet basic needs and provide students crucial services. This contradiction is illustrated by state proposals to deny Medicaid to people who do not work a set number of hours each month.<sup>3</sup> These proposals put many low-income students at risk of losing health insurance, making it harder for them to succeed in school. There is overwhelming evidence correlating postsecondary education with improved social, economic, and health outcomes. Programs serving low-income people should promote education as one of their highest priorities—*not* create new hurdles to completing degrees and credentials.<sup>4</sup>

### Today's Labor Force

Extensive research demonstrates that college graduates have greater economic and social mobility, including higher earnings and lower unemployment, than people who have not completed college. In 2017, the unemployment rate for bachelor's degree holders was nearly half the unemployment rate of those with a high school diploma. Median weekly earnings for bachelor's degree holders were about \$1,173 in 2017, while high school graduates earned just \$712.<sup>5</sup>

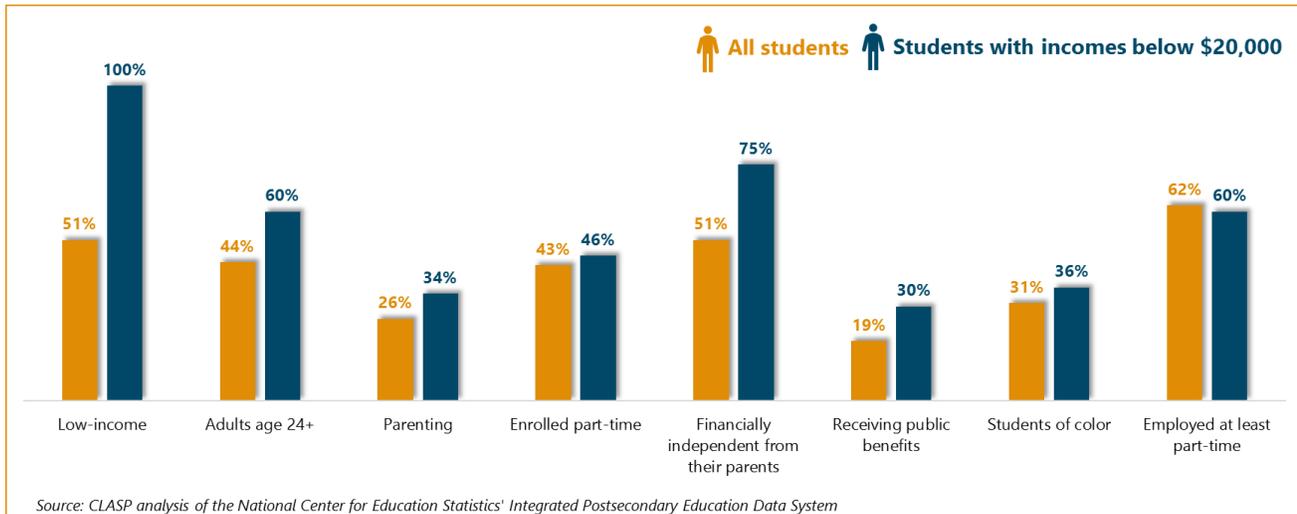
Unemployment rates and earnings by educational attainment, 2017



For most Americans, it has become increasingly difficult to get a living-wage job without postsecondary education. After the Great Recession, 99 percent of new jobs were filled by college graduates.<sup>6</sup> Workers with some form of postsecondary education now make up 65 percent of total employment.<sup>7</sup> Yet, at current rates of educational attainment, there is an expected shortfall of over five million workers with the necessary credentials to fill the jobs of the future. This poses serious risks to America's global competitiveness and people's economic mobility.<sup>8</sup>

## Educational Equity for Today's Students

Higher education and public policy priorities have failed to recognize shifting student demographics. Only 37 percent of students today attend a four-year institution immediately after high school.<sup>9</sup> Today's students are typically older, have more work and family obligations, and often attend school part-time, they are the new normal.



Students of color, who now account for approximately 40 percent of all college students, experience less successful outcomes in higher education due to systemic barriers that hinder access and completion.<sup>10</sup> Black and Latino students face higher levels of unmet financial need compared to white students, which can lead to students borrowing and working more, resulting in reduced course loads or even dropping out.<sup>11</sup> Services that improve students' financial stability can improve degree completion, including access to affordable health care coverage.<sup>12</sup>

## Medicaid Is a Critical Support for Low-Income Students

Health care is essential for people to meet their full potential. Like everyone, students need ongoing care for physical and mental conditions as well as preventive services. By providing that, Medicaid improves people's financial stability and allows them to succeed in school and at work.<sup>13</sup> According to studies from Ohio and Michigan, adults who accessed care through Medicaid's expansion were more than twice as likely to report improved financial stability and ability to meet basic needs. Adults reported that health coverage made it easier to buy food, pay their rent or mortgage, and manage debt.<sup>14</sup>

For many low-income students, Medicaid coverage is their only path to affordable, comprehensive health care. While young adults may remain on their parents' private insurance until age 26, over half of all students are over 25.<sup>15</sup> Moreover, low-income parents may not have access to affordable private coverage or could be eligible for or covered by Medicaid themselves.

Medicaid is more affordable and provides more comprehensive coverage than typical student health plans.<sup>16</sup> Moderate-income students could purchase insurance on a state's exchange and receive subsidies under the Affordable Care Act (ACA); however, students with incomes below the federal poverty level are not eligible. In the 34 states (including the District of Columbia) that have expanded

Medicaid under the ACA, most students with incomes below 133 percent of poverty will qualify for Medicaid coverage.<sup>17</sup> In the remaining 17 states, only very low-income students who are parents, along with young adults who have aged out of foster care in that state, are likely to be eligible.<sup>18</sup>

## Current Proposals to Restrict Health Care Access Threaten Student Coverage

For the first time since Medicaid was established in 1965, the Centers for Medicare and Medicaid Services (CMS) are considering work-related activities as a condition of Medicaid eligibility. Several states have submitted waiver requests to CMS that would allow them to deny Medicaid to people who fail to meet work-related conditions. Waivers have already been approved in Kentucky, Indiana, Arkansas, and New Hampshire.<sup>19</sup>

We know from other basic needs programs that basing eligibility on the number of hours worked does little more than kick people off the program. This is particularly problematic because the people most adversely affected already face significant barriers to employment. Denying access to basic needs programs will only make it harder for them to work and achieve stability. In a study of the Temporary Assistance for Needy Families (TANF) program, complex requirements forced many families already facing hardship off the program. These families were younger; had less education, poorer health, and high levels of substance abuse; and were less likely to own a car or phone. According to the study, inability to make an appointment or turn in a piece of paper were the most common reasons for case closings, not because clients refused work.<sup>20</sup> The extreme burden of these complex requirements is also apparent in a Maryland TANF analysis that found an astonishing 60 percent of work-eligible people lost benefits for not meeting the work requirement at least once in 2014 though they remained eligible.<sup>21</sup>

Because the stated goal of these waivers is to promote health and economic self-sufficiency, many people expected college students would not be subject to work requirements. The reality is that students are at risk of losing Medicaid. Some states, such as Indiana, are exempting students who attend half-time. Arkansas and Michigan would exempt only full-time students. Other states, such as Kansas, Maine, and North Carolina do not take student status into account for exemptions. In these states, it is unclear whether class attendance will count toward the participation requirement. It is also unclear whether only some courses of study will count, whether students will get credit for study time, and what documentation will be required.<sup>22</sup>

Some of these states are modeling their requirements on TANF, which counts a limited range of education and training toward participation requirements. As a result, some students may have to choose between their schooling and health coverage. Students may also be at risk of failing to meet requirements during gaps between terms when classes do not meet. Simply put, these requirements do not reflect the realities of low-income households and threaten students' ability to achieve economic success—completely contradicting the stated goal of these waivers.

## Supporting Student Success Goes Beyond Academic Achievement

Higher education institutions can strongly influence public policy that affects their students' outcomes. It is important for them to recognize that affordable health coverage is an essential support that enables low-income students to succeed. Colleges and universities need to speak out against state proposals that would limit students' access to Medicaid. They should:

- Educate state policymakers about the impact of additional barriers on student completion;
- Join coalition efforts at the state or federal level to ensure higher education institutions are represented;
- Inform campus government relations and executive offices about policies that impose additional burdens on students and encourage their involvement;
- Write op-eds or other public commentaries that explains how reduced access to affordable health care harms students;
- Encourage state agency officials to collaborate to ensure policies don't hurt students; and
- Submit formal comments at the state or federal level regarding proposed policy changes to public support programs that impact students.

If policies that deny Medicaid to students are enacted, schools will have a critical role to play in limiting the number of students who lose health insurance. They need to help students understand the policies, document any exemptions for which they qualify, and document school attendance if it counts toward meeting work requirements. While doing so, schools should prevent stigmatization and minimize students' burden. It is essential that schools deeply engage in every aspect of these efforts to improve students' success and wellbeing.

## Endnotes

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- <sup>11</sup> Saunders, *Barriers to Success*.
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