

United States Senate

WASHINGTON, DC 20510

December 17, 2024

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Comptroller Dodaro,

We write to express our strong concern regarding the Georgia Pathways to Coverage (“Pathways”) program. Recent data show that the state has enrolled a mere 4,231 Georgians as of June 30, 2024—a number that pales in comparison to both the more than approximately 450,000 people who would be eligible under full Medicaid expansion,¹ as well as Georgia’s self-established goal of enrolling 25,028 people in the first year of the program.² News reports have also spotlighted the high costs associated with implementing Pathways’ work reporting requirements and numerous other administrative barriers for beneficiaries. While hundreds of thousands of Georgians are left without the health coverage they need, taxpayer dollars are being funneled into the pockets of eligibility system vendors and consultants.³

Republican governors in other states have previously sought to implement policies akin to those established under Pathways, but Georgia is currently the only state authorized to condition access to Medicaid coverage on reporting working hours.⁴ However, recent state legislative and ballot measure activity has directed state Medicaid agencies to pursue Medicaid reporting requirements, depending on approval from the Centers for Medicare and Medicaid Services (CMS).⁵

As the Chairman of the Senate Finance Committee, which has sole Senate jurisdiction over Medicaid, and the U.S. Senators that represent the State of Georgia, it is our responsibility

¹ “Who Could Medicaid Reach with Expansion in Georgia?” *KFF* (n.d.) <https://files.kff.org/attachment/fact-sheet-medicaid-expansion-GA>.

² “Georgia Section 1115 Demonstration Waiver Application,” *Center for Medicaid and CHIP Services* (Dec. 23, 2019) <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ga-pathways-to-coverage-pa1.pdf>.

³ Andy Miller and Renuka Rayasam, “Georgia’s Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment,” *KFF Health News* (March 20, 2024) <https://kffhealthnews.org/news/article/georgia-medicaid-work-requirements-experiment-high-cost-low-enrollment/>

⁴ Letter from Andrea Casart, Director for the Division of Eligibility and Coverage Demonstrations, Center for Medicaid and CHIP Services (CMCS), to Lynnette Rhodes, Executive Director, Medical Assistance Plans, Georgia Department of Community Health (Oct. 5, 2023) <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ga-pathway-cvrge-implemnt-pln-lter-stcs.pdf>.

⁵ Elizabeth Hinton, Jada Raphael, and Amaya Diana, “Medicaid Work Requirements: Current Waiver and Legislative Activity,” *KFF* (Nov. 21, 2024) <https://www.kff.org/medicaid/issue-brief/medicaid-work-requirements-current-waiver-and-legislative-activity/>.

to ensure appropriate stewardship of the Medicaid program both in Georgia and across the states and to protect against reckless spending of limited federal and state resources. Accordingly, we request that the Government Accountability Office (GAO) investigate both federal and state administrative burdens and costs associated with the Pathways section 1115 demonstration. This analysis is crucial to understand the impact administering Pathways has on federal and state spending, as well as the barriers to health care coverage Pathways has created either because of inherent design failure or mismanagement by state administrators. The full administrative costs of Pathways will also prove illustrative as more than eight states have laws that require them to pursue or consider pursuing Medicaid reporting requirements, and others may follow suit.

Reports indicate that spending on the changes to Georgia's eligibility and enrollment system necessary to implement Pathways represents the largest proportion of total program costs—almost *five times* the spending on health care benefits for those who manage to enroll.⁶ The program has cost at least \$40 million as of June 2024, with more than 80% of funds going towards administrative and consulting costs.⁷ Georgia also recently awarded a \$10.7 million contract to Deloitte Consulting for an ad and outreach campaign.⁸ The state estimates administrative costs will grow to \$122 million over four years as it fully implements the program, including imposing monthly premiums and developing the program's eligibility system.⁹ Despite spending these incredible sums of taxpayer dollars, reports indicate that Pathways has been “mired in design flaws and system failures.” According to recent news reports, users have reported that “the online application is challenging to navigate and understand and lacks a way for people to receive immediate support, and that state staffers don't respond to applicants in a timely manner.”¹⁰ Nearly all of these administrative costs are expected to be financed with federal dollars.¹¹

Despite the high administrative cost of implementing and operating a work reporting requirement for Medicaid coverage, Georgia Pathways has enrolled less than one percent of the individuals who would be eligible to enroll had the state opted to fully expand its Medicaid

⁶ Leah Chan, “Georgia's Pathways to Coverage Program: The First Year in Review.” *Georgia Budget & Policy Institute* (Oct. 29, 2024) <https://gbpi.org/georgias-pathways-to-coverage-program-the-first-year-in-review/>.

⁷ Renuka Rayasam and Sam Whitehead, “The First Year of Georgia's Medicaid Work Requirements Is Mired in Red Tape,” *KFF Health News* (Sept. 13, 2024) <https://kffhealthnews.org/news/article/georgia-medicaid-work-requirement-red-tape/>.

⁸ Joan Alker, “Georgia's Much Vaunted Medicaid Waiver ‘Pathways to Coverage’ Has Turned Into ‘Pathways to Profit’ for Consultants,” *Georgetown University Center for Children and Families* (Oct. 30, 2024) <https://ccf.georgetown.edu/2024/10/30/georgias-much-vaunted-medicaid-waiver-pathways-to-coverage-has-turned-into-pathways-to-profit-for-consultants/>.

⁹ Andy Miller and Renuka Rayasam, “Georgia's Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment,” *KFF Health News* (March 20, 2024) <https://kffhealthnews.org/news/article/georgia-medicaid-work-requirements-experiment-high-cost-low-enrollment/>.

¹⁰ Leah Chan, “Georgia's Pathways to Coverage Program: The First Year in Review.” *Georgia Budget & Policy Institute* (Oct. 29, 2024) <https://gbpi.org/georgias-pathways-to-coverage-program-the-first-year-in-review/>.

¹¹ Medicaid Program; Mechanized Claims Processing and Information Retrieval Systems (90/10), 80 Fed. Reg. 75817 (Jan. 1, 2016), <https://www.federalregister.gov/documents/2015/12/04/2015-30591/medicaid-program-mechanized-claims-processing-and-information-retrieval-systems-9010>.

program due to onerous barriers created by this policy.^{12, 13} According to an analysis by the Georgia Budget & Policy Institute, more than 40% of Georgia’s counties had fewer than *ten* enrollees in Pathways despite Georgia having one of the highest percentages of uninsured people in the country. In one county, one in five residents are uninsured—yet, not a single one of those individuals was enrolled in Pathways.¹⁴ Further, the few individuals who are able to initially enroll in the program are likely to experience high levels of churn on and off the program, given the additional administrative hurdles they will soon be required to meet to maintain their coverage, as the state continues its phased implementation of the program.

We appreciate GAO’s previous work in response to Chairman Wyden and Ranking Member Pallone’s inquiry regarding the administrative costs of other similar state demonstrations. GAO’s 2019 investigation, “Medicaid Demonstrations: Actions Needed to Address Weaknesses in Oversight of Costs to Administer Work Requirements,” provided additional transparency about the wasteful nature of implementing Medicaid work reporting requirements approved under the Trump Administration.¹⁵ In the study, five states—Arkansas, Indiana, Kentucky, New Hampshire, and Wisconsin—reported estimated administrative costs ranging from under \$10 million to more than \$250 million, which primarily reflected implementation costs and did not account for ongoing operational costs. These states also estimated the federal government would pay the majority of administrative costs, including by improperly seeking enhanced federal matching funds for certain administrative activities.¹⁶

For example, the GAO report found that Kentucky’s efforts to impose work reporting requirements and punitive lock-outs for failure to report working hours would cost \$271.6 million, the majority of which were federal dollars. However, few Kentuckians enrolled in Medicaid were aware of their state’s plan to impose reporting requirements—and an estimated 100,000 were poised to lose coverage.^{17, 18} A federal judge ultimately blocked the state’s work reporting requirement shortly before implementation. Similarly, Arkansas’ Medicaid demonstration would cost an estimated \$26.1 million for systems changes, beneficiary outreach, and other activities. More than 18,000 people—or 1 in 4 beneficiaries subject to the work

¹² “Georgia Pathways to Coverage Section 1115 Demonstration Monthly Monitoring Report Workbook: June 2024,” *Centers for Medicare and Medicaid Services* (Oct. 11, 2024) <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ga-pathway-mthly-monitor-rpt-jun-2024.xlsx>.

¹³ Jennifer Tolbert, Robin Rudowitz, and Anthony Damico, “How Many Uninsured Are in the Coverage Gap and How Many Could Be Eligible if All States Adopted the Medicaid Expansion?” *KFF* (Feb. 26, 2024) <https://www.kff.org/medicaid/issue-brief/how-many-uninsured-are-in-the-coverage-gap-and-how-many-could-be-eligible-if-all-states-adopted-the-medicaid-expansion/>.

¹⁴ Leah Chan, “Georgia’s Pathways to Coverage Program: The First Year in Review.” *Georgia Budget & Policy Institute* (Oct. 29, 2024) <https://gbpi.org/georgias-pathways-to-coverage-program-the-first-year-in-review/>.

¹⁵ “Medicaid Demonstrations: Actions Needed to Address Weaknesses in Oversight of Costs to Administer Work Requirements.” *U.S. Government Accountability Office* (Oct. 1, 2019) <https://www.gao.gov/products/gao-20-149>.

¹⁶ *Ibid*

¹⁷ Judith Solomon, “Kentucky Waiver Will Harm Medicaid Beneficiaries,” *Center on Budget and Policy Priorities* (Jan. 16, 2018), <https://www.cbpp.org/research/health/kentucky-waiver-will-harm-medicaid-beneficiaries>.

¹⁸ Joy Madubonwu, Lucy Chen, and Benjamin D. Sommer, “Work Requirements in Kentucky Medicaid: A Policy in Limbo,” *The Commonwealth Fund* (Sept. 27, 2019) <https://www.commonwealthfund.org/publications/issue-briefs/2019/sep/work-requirements-kentucky-medicaid-policy-limbo>.

reporting requirement—lost coverage during the first seven months of its operation before a federal judge halted the program.¹⁹

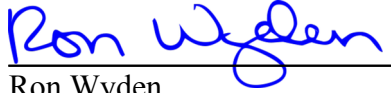
The public, as well as other states considering adopting onerous reporting requirements, should have complete information about the consequences of Pathways to ensure taxpayer dollars are used efficiently, appropriately, and towards the goal of promoting, not obstructing, access to health care. Therefore, we ask GAO to conduct a report examining the following:

1. A detailed summary of the administrative costs—including state costs for staffing, contractors, the development of electronic systems, advertising and outreach activities, legal costs, and other administrative or oversight requirements—associated with implementing and maintaining operations of work reporting requirements in Georgia’s Medicaid program and other eligibility restrictions on beneficiaries, such as lock-out periods, onerous premiums and cost-sharing requirements, and so-called “health behaviors” or “member reward accounts” policies that create barriers to care;
2. In light of the federal government’s enhanced match for the design and modification of Medicaid eligibility and enrollment systems and other enhanced matching related to data systems, a summary of the federal government’s share of these administrative costs for Georgia’s program and the types of costs (e.g., staffing needs, electronic systems development) for which the federal government is responsible;
3. A per capita cost estimate accounting for a) the most recent enrollment numbers for Pathways and b) all federal and state administrative costs associated with implementing the work reporting requirement;
4. A summary of how Georgia is using contractors to implement and administer the new eligibility restrictions and other beneficiary requirements, such as health behavior requirements or member reward accounts included in Georgia’s Section 1115 demonstration, as well as how the state is awarding, overseeing, evaluating potential state and federal conflicts of interest, and making information about these contracts public;
5. A summary of how CMS accounted for administrative costs, such as those associated with work reporting requirements, when approving Georgia’s Section 1115 demonstration waiver; and
6. CMS’s policies, procedures, and actions for ensuring that Georgia provides ongoing necessary and relevant data to CMS regarding the administrative costs associated with Pathways, and the agency’s policies and procedures for guaranteeing that such information, including the federal government’s share of such costs, is made publicly available.

¹⁹ Laura Harker, “Pain But No Gain: Arkansas’ Failed Medicaid Work-Reporting Requirements Should Not be a Model,” *Center on Budget and Policy Priorities* (Aug. 8, 2023) <https://www.cbpp.org/research/health/pain-but-no-gain-arkansas-failed-medicaid-work-reporting-requirements-should-not-be>.

Thank you in advance for your attention to this request.

Sincerely,



Ron Wyden
United States Senator
Chairman, Committee on
Finance



Jon Ossoff
United States Senator



Raphael Warnock
United States Senator