

Testimony of Karin VanZant
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Prepared for the
United States House of Representatives
Ways & Means Committee

“Moving America’s Families Forward: Setting Priorities for Reducing Poverty and
Expanding Opportunity”

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INTRODUCTION

Chairman Brady, Ranking Member Levin, and Members of the Committee, thank you for the opportunity to testify and help you explore this extremely important topic of how to assist low-income Americans to achieve a higher quality life of improved health and wellbeing.

My name is Karin VanZant, and I am the Executive Director of Life Services at CareSource, a Managed Care Organization based in Dayton, OH. CareSource provides healthcare coverage and assistance to 1.5 million Americans in Ohio, Indiana, Kentucky and West Virginia offering services through Medicaid, the Healthcare Exchange and Medicare Advantage.

My responsibility is to help CareSource transform how it approaches health care. For 27 years we have worked with our most vulnerable populations to coordinate their health care (physical and behavioral), and we have come to deeply understand their associated, complex social needs. Being in this unique position, we see the future and have a new strategic focus to helping people move from poverty to self-sufficiency. ***Our new model Life Services***, brings together health, economic stability and social wellbeing for our members – something that our members tell us that has too often never happened for them in the past.

I can attest to their statements from firsthand experience. I have been a recipient of federal/state welfare benefits. Twenty years ago, while a junior in college, I found myself pregnant unexpectedly. With only a campus job and a full slate of classes, I didn't know exactly what to do. Within a month I was signed up for Medicaid and on full-blown welfare within six months. There are two things that I distinctly remember about that period of time – people treated me differently when I asked for help and I could have fallen into the trap of subsidies if I had listened to the various case managers as they advised me to quit school and prepare for a life as a young parent.

Thank goodness I had my husband and our families to help us through this period of time, or our lives would be drastically different today. For the next four years we worked hard to finish our degrees, obtain employment and come off of government benefits—all while raising a young child. However, I didn't realize that we had become dependent on government assistance until I went grocery shopping for the first time “off the system.” I realized I had not budgeted for food--it happens that fast.

Through this period of time I decided to change my major in college from pre-med to social work and to begin working on the disconnected, broken system that I was experiencing. One of the things that I saw right away and continue to see 20 years later is that the voice of the members we serve is missing from the discussion on how to improve the welfare system.

Most companies make strategic decisions by going directly to their consumers and asking them what they need, what they like, how their product fits into their lives, how it could be improved.

I believe this same approach needs to happen with the 46.7 million people who are trapped in a life of poverty. The system is well-intentioned, but too often misaligned with government programs that are

failing to move Americans out of a life of subsidy and dependency and into a life of economic independence, safety and social wellbeing.

CURRENT REALITY

I think we all know intuitively what isn’t working for low-income Americans. We know that various government programs are at different eligibility levels, change at different intervals of time, and that most do not take into account the individual circumstances of a family or particular community. Navigating the system is difficult enough for individuals to administer, let alone for someone who is caught by the safety net and unsure how to exit. Table 1 captures a snapshot of the qualifications associated with the Federal Poverty Guidelines.

Table 1

Category	Rank for FPL High to Low	FPL Eligibility Criteria	Item Name
Health Care	1	250%	Breast Cancer/Early Detection
Social Services	2	200%	Social Service Block Grant & Legal Services Corporation
Employment & Training	2	200%	Foster Grandparents
Energy Assistance	2	200%	Weatherization Assistance
Food Assistance	3	185%	WIC, Summer Food Program
Food Assistance	4	130-185%	School Breakfast Program, Child & Adult Care Food Program, Commodity Supplemental Food Program
Education	5	150%	Federal TRIO Program
Energy Assistance	5	150%	Low-Income Home Energy Assistance (LIHEAP)
Health Care	6	133%	Medicaid (Standard)
Food Assistance	7	130%	SNAP & National School Lunch Program
Social Services	8	125%	Community Services Block Grant
Employment & Training	8	125%	Community Services Employment for Older Americans
Health Care	9	100%	Maternal & Child Health Block
Education	9	100%	College Access Challenge
Social Services	9	100%	Head Start
Employment & Training	9	100%	Job Corps & WIA Youth Activities

The varied criteria is difficult to understand. CareSource knows that our members do not want to be a recipient of these benefits, but that they often do not comprehend what their lives would look like without the benefits. We know that the current system pays for following the rules, not rocking the boat and quite frankly for maintaining one’s poverty status as long as possible. We believe that there should be programs aimed at helping people who fall into poverty, and we believe that the current programs should be reorganized in a way that assists individuals who need help transitioning into a life of greater independence and self-sufficiency.

Section 8 was never intended to be a lifetime housing solution nor was SNAP or Medicaid. Yet we all know that we have far too many families that have relied on these programs for multiple generations. They have lived in the same housing units, shopped at the same corner stores, lacked basic quality education, and have perhaps unknowingly settled for a life of subsidy. I have seen it in thousands of low-income Americans across the country. I have worked to find solutions at the individual level, neighborhood and community level, and organizational level. Now is the time for a systems level solution!

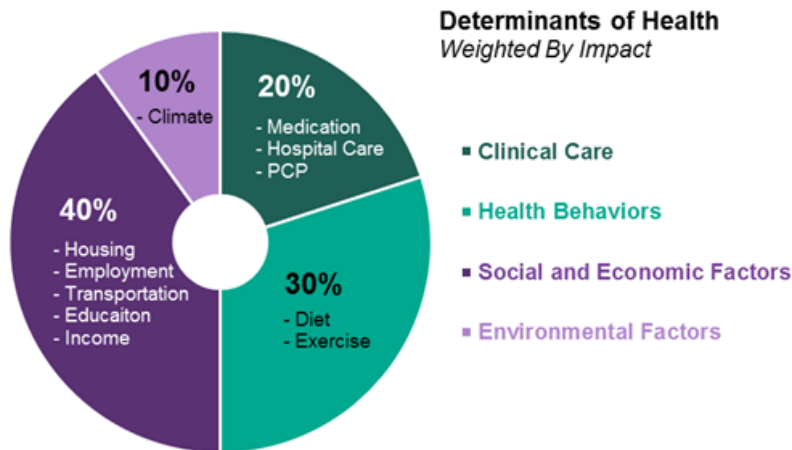
LIFE SERVICES SOLUTION

Mission Driven

Presented with the opportunity to offer solutions, the CareSource Life Services program is a unique approach that couples the largest low-income subsidy safety net, Medicaid, with a holistic approach to addressing economic wellbeing and social connectedness.

Of the total cost of healthcare, it is believed that 80% of the impact on health is through Social and Economic Factors (2015 Advisory Board Company "Non-Clinical Factors Drive Clinical Costs"). In comparison to the \$1 trillion spent on Medicaid, this means that \$800 billion of the total Medicaid dollar spend connects directly to socioeconomic factors.

Figure 1

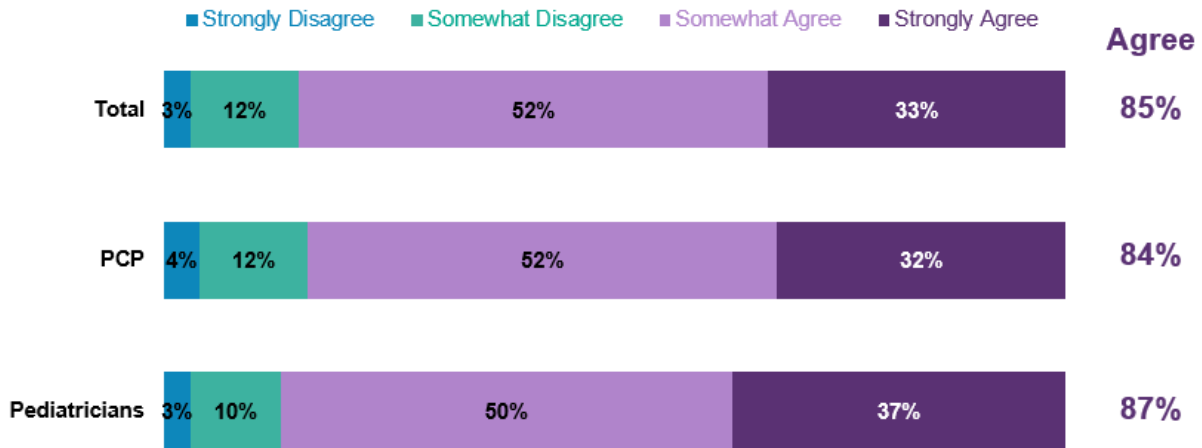


The majority of physicians agree that the Social Determinants of Health are equally as important as dealing with medical conditions (2011 Physicians' Daily Life Report, Robert Wood Johnson Foundation and Harris Interactive, November 15, 2011).

Figure 2

Social Determinants of Health:

Most physicians believe address patient's social needs is as important as dealing with medical conditions

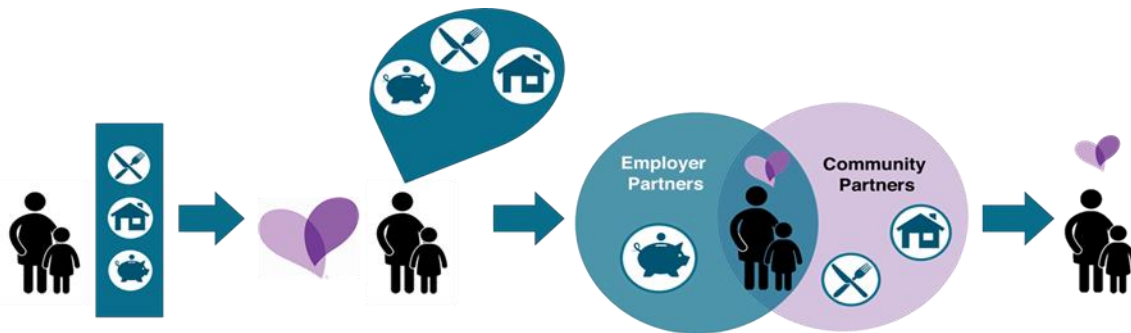


Source: 2011 Physicians' Daily Life Report, Robert Wood Johnson Foundation and Harris Interactive, November 15, 2011

Access to Subsidies & Community Resources

It is important to state that the benefits provided through government funding are **critical**, necessary, and support our members in their journey.

Figure 3



Our Model

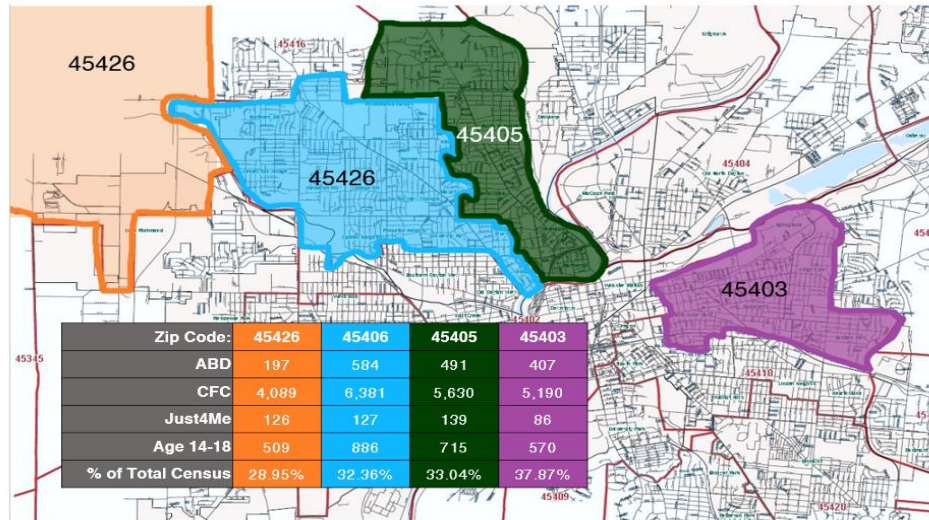
The Life Services model is derived from the blending of multiple evidence-based programs and/or practices. In conjunction with the leading research of nationally recognized organizations such as the Annie E. Casey, Robert Wood Johnson, Ford, and Kaiser Foundations, Stanford Social Innovation Review, and other notable experts on social change, CareSource developed the Life Services program to bring the best of the best together in one model. However, we did not just stop at developing a model based on this research, we conducted listening campaigns and held conversations with our members to

determine how this would work in practice. We believe that by bringing all of this together we have found what makes a difference.

Starting with a short assessment, Life Services staff help our members identify where their strengths in resources are and prioritize what needs to be reinforced. We work with community providers to connect our members in a consistent way to the resources that exist in the community and to get to a level of stability.

Life Services does this by identifying concentrations of our members at the Census Tract or Zip Code level and building out the resource map for that neighborhood. Through building community partnerships that look much like the partnerships we have on the healthcare side, we are able to convene, coordinate and secure existing community resources for our members. Here is the map for the west side of Dayton that depicts our Medicaid population and Life Services target areas:

Figure 4

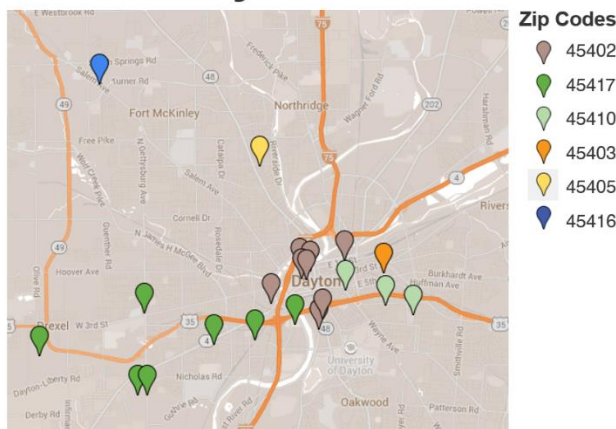


By establishing a network of community partners and employers in our members’ communities, we can support our members to move forward step-by-step, right where they live.

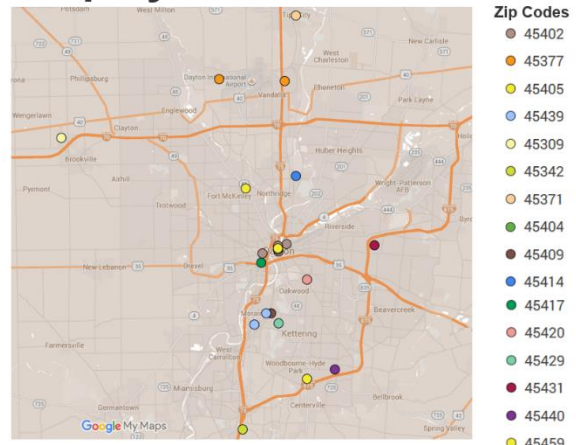
The below maps show the location of our Community Partners and Employer Partners in relation to our members.

Figure 5

Community Partners



Employer Partners



Through the partnerships we have formed in the community, we can approach the support system for our members from a different way. Our members no longer feel alone and without sight to what resources and viable employment opportunities are available in their own community.

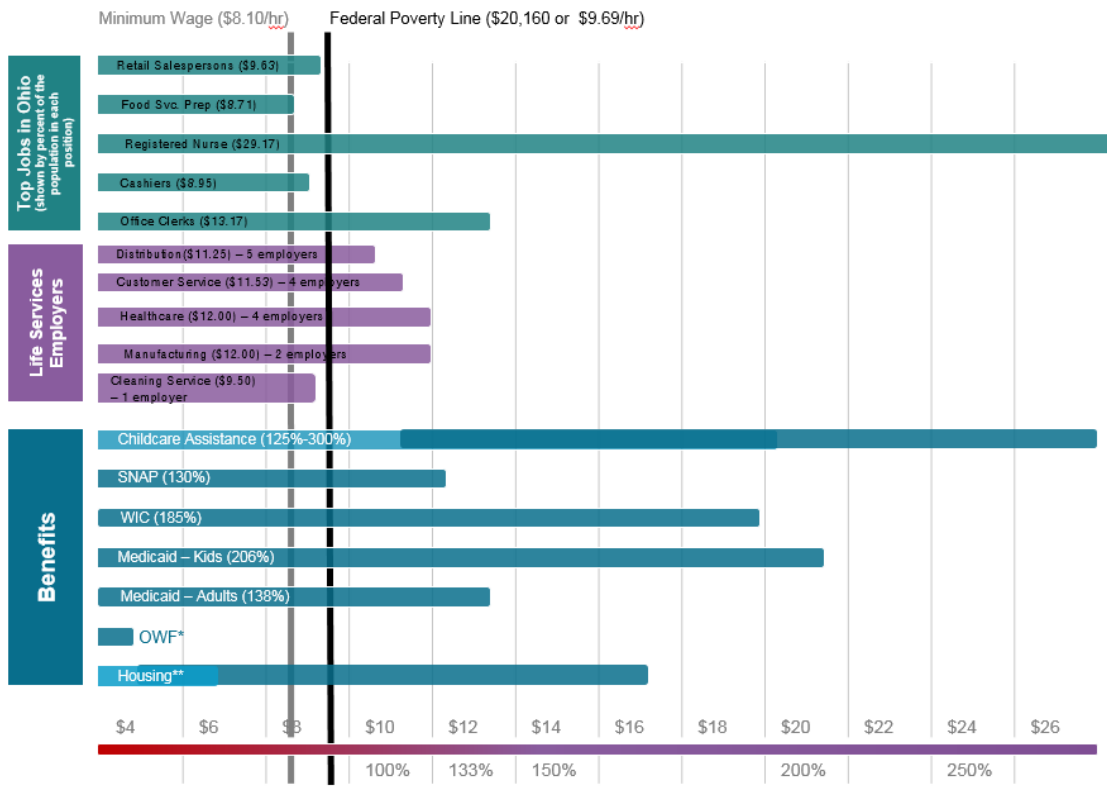
JobConnect + Life Coaching

Once stable, members are connected with education or employment opportunities. **JobConnect** is the program within Life Services that specifically assists members with increasing skills and connecting with long-term employment. Sometimes this can happen in as little of five days.

However, there are serious challenges that face the subsidy-dependent when entering the workforce. Due to the upper-limit threshold for many of the benefits used by our members, as a member progresses in income they will eventually encounter a point in their career where taking the next promotion will set them back in income, a phenomenon commonly called the Cliff Effect. The below diagram shows how the Cliff Effect will impact a family of three in Montgomery County, Ohio. The diagram looks at occupation in comparison to where an individual will cease to be eligible for a benefit. The comparison is made between the opportunities of individuals who hold the top five most held positions in our community in comparison to the positions we offer through our Life Services Partner Employers.

Opportunities for a family of 3 in Montgomery County Ohio

Figure 6



*50% of FPL (2.88 / hr)
 *** 80% of median income* (\$10.68/hr) Median Income defined as \$48,308 for Montgomery County. Current focus is on meeting needs of individuals below 30% of Median Income or \$7.00 / hr

For a single mother with two children, \$20,160 or \$9.69 per hour is what she would need to earn to be at 100% of the Federal Poverty Line. If she were living in Montgomery County and working as a Customer Service Representative, she would make an estimated \$11.53 an hour and register at approximately 120% of Federal Poverty Guidelines. She would qualify for Childcare, SNAP, WIC, and Medicaid. If she were eligible for a raise, that would take her to \$13.57 per hour (a \$2.04 increase), she would then earn a wage that registers at approximately 140% of FPG. She is no longer eligible for SNAP or Medicaid.

The loss of benefits is enough for many to refuse to take on a promotion. The loss of Health Insurance alone is enough to cause many people to refrain from moving forward. If the estimated lowest cost of a health insurance is between \$200 – 400 per month, healthcare now takes up \$1.25-2.50 of the wages earned each hour, or roughly 9%-18% of her monthly income.

Life Services knows that the average salary of our members is right around the wages that classify someone as 100% of the Federal Poverty Guideline for their household size. We work to connect our members to opportunities that help them move forward in baby steps. By partnering with a network of community partners and employers in their community, we can show our members how to move forward step-by-step.

Furthermore, once members start employment they are assigned a **Life Coach** that stays with them for a period of 24 months to help them navigate the world of work, prepare for their inevitable loss of subsidies (the “subsidy cliff”), and to help them think about what the next step is in their career path. While work needs to take place at the policy level to create better incentives for work and achievement, there are community resources that CareSource Life Services helps members to connect to as they navigate the subsidy cliff. Because of this type of support our members have an employment retention rate of 95%, and we are proud to report that 12 members have already been promoted.

Our Early Results

In the past 15 months, CareSource Life Services has worked with approximately 880 members in an eight county region in southwest Ohio.

- 349 members are working with Life Services staff to stabilize both health and foundational supports
- 150 members have started an education program
- 190 members are pending employment with 37 employer partners whom represent over 2,000 open positions
- 124 members have started full time employment with 85% of them moving into employer sponsored coverage and a 95% retention rate at 90 days

More than 36% of those who have enrolled are actively engaged in the employment process or employed. The experiences have been life-changing for the individuals—not to mention the significant state and federal cost-savings.

LIFE SERVICES IN ACTION

I've shared the background, but personal stories are truly the proof of concept for this unique approach to coupling health and economic stability. Let me share just one of those...

In June of 2015, we held a public job fair to introduce Life Services to our members and promote the employer partners who were working with us. We had approximately 100 members attend on an unusually cold, rainy Saturday morning. One member arrived intoxicated and belligerent but wanted to have his turn at the table to talk about employment. His name was Josh. One of my staff took him aside, offered him coffee and simply talked to him about his life.

We helped Josh get to the bus stop across the street and didn't expect that we would hear from him again, however, my staff had asked him if he was interested in our Case Management program that includes supports for behavioral health, and Josh agreed that he might need that kind of help. A referral was made and what happened next surprised us all.

Our case manager called him the next day, and Josh answered the phone. He completed the health risk assessment and asked if he could connect to our new Life Services program. For the next three months an interdisciplinary team of behavioral health case managers and Life Services coaches worked together with Josh. He visited a primary care physician, a dentist, started AA and counseling. He continued to meet with the Life Services staff and we let him know that his physical health needed to be stable before starting to look for work. Each week Josh made remarkable progress.

By December Josh had six months of sobriety, had his physical health in order including having major dental issues fixed (the cause of his alcohol abuse) and was ready for work. It only took one interview and this man went from unemployed for over four years to gainful employment making \$13 per hour with full employer sponsored benefits.

Any one of these things could have happened if Josh had worked it all out for himself – he could have accessed health care on his own, found the AA resource that was three blocks from his house and started the job search process on his own. But he hadn't. He couldn't. He tells us that he just didn't know what to tackle first.

Josh's story is but one of many. Life for so many is just plain hard. And often hopeless. It's even harder when you have little support. No role models for success. You don't know where to turn. You have health issues. Economic issues. A future that is – to say the least—unpredictable.

CONCLUSION

What we have learned through our Life Services and my personal journey is three-fold:

1. Our low-income, Medicaid population is eager to do the work for a better life. For themselves and their children. But they need guidance to navigate the waters.
2. Amazing transformations can happen in a short period of time and the CareSource Life Services model is a demonstration of what can work.
3. We all have our stories. My story had a number of parallels to our new friend Josh's story. Working with the whole person, aligning existing resources can move people from a subsidized lifestyle to independence.

As a managed care plan we are in the unique position to impact the whole person—body, mind and social environment—and are purposefully growing this fully integrated expertise for the benefit of our members. Together, those of us who have dedicated our lives to working with low-income individuals and families, should always strive to work ourselves out of a job--to watch hopelessness turn to hope and a bright future.

I am finally getting to see this happen through the work of CareSource and Life Services. We invite you to join us for this remarkable ride!