Why Medicaid Work Requirements Don't Work

David Machledt, Senior Policy Analyst
Madeline Morcelle, Senior Attorney

February 20, 2025

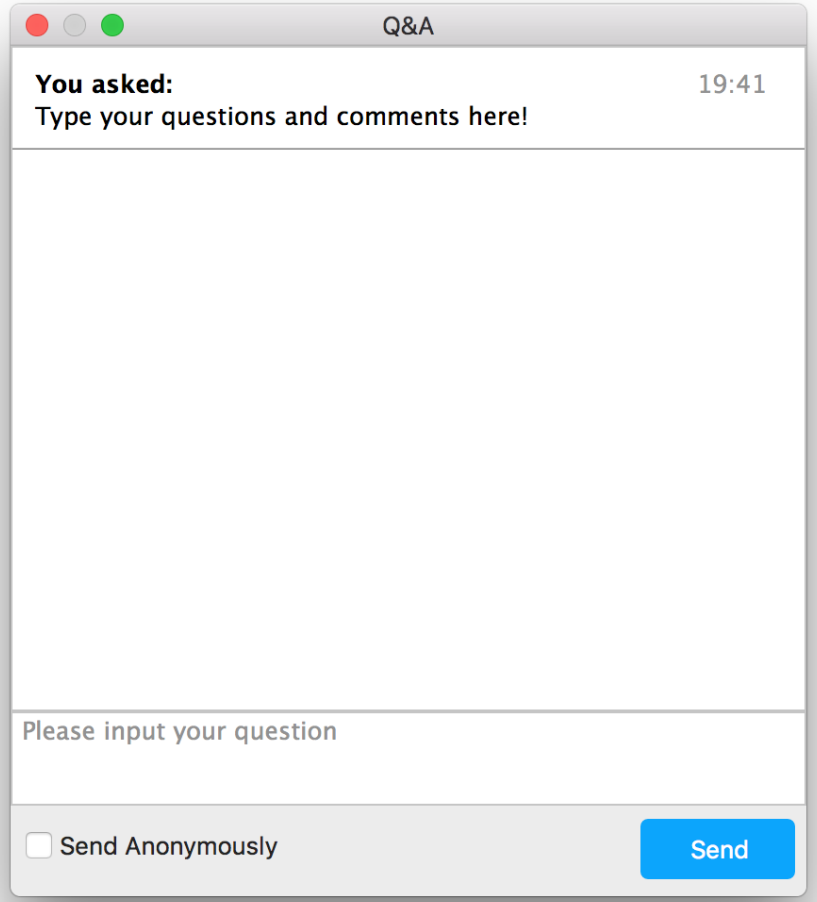
NATIONAL HEALTH LAW PROGRAM

Housekeeping

- All attendees are in listen-only mode
- Webinar is being recorded
- Slides were sent out in advance to those registered
  - Slides will also be available with the recording and sent in follow-up email
- Webinar is being closed captioned

Housekeeping – Q&A and Chat

- Please use the Q&A box for all **questions** to the panelists
  - Click on the Q&A icon at the bottom of the screen
  - We encourage questions!
- We will answers questions at the end
- If you have a **technical issue**, please use the chat function or send a direct chat message to [person assigned as producer]



About the National Health Law Program

- National non-profit law firm committed to improving health care access, equity, and quality for underserved individuals and families
- State & Local Partners:
  - Disability rights advocates – 50 states + DC
  - Poverty & legal aid advocates – 50 states + DC
- Offices: CA, DC, NC
- www.healthlaw.org
- Like us on Facebook @NHeLProgram, and Bluesky @NHeLP.bsky.social

NHeLP's Mission

The National Health Law Program (NHeLP) protects and advances the health rights of low-income and underserved individuals to access high quality health care. NHeLP advocates, educates, and litigates at the federal and state levels.

We stand up for the rights of the millions of people who struggle to access affordable, quality health care.

NHeLP's Equity Stance

Health equity is achieved when a person's characteristics and circumstances — including race and ethnicity, sex, gender identity, sexual orientation, age, income, class, disability, health, immigration status, nationality, religious beliefs, language proficiency, or geographic location — do not predict their health outcomes.

NHeLP's Equity Stance: Our Goal

Every member of our staff defends the fundamental right of all individuals to health. Staff in every role strive to approach their work—internal and external—with an equity lens.

Our goal is to continuously examine the health care system and to advocate for health laws and policies that counteract structural barriers, institutional power dynamics, and examples of overt discrimination and implicit bias that create health inequity.

https://healthlaw.org/equity-stance/

Medicaid Work Requirements: Key Takeaways

- Work requirements are Medicaid cuts that lead to major coverage loss.
- Most working age adults enrolled in Medicaid already work, and work requirements do not increase employment.
- Exceptions processes for disabled people, caregivers, older adults and others consistently fail.
- Work requirements waste money on needless red tape instead of services.
- Coverage losses will damage state and local economies.

Medicaid Basics Overview

- Medicaid covers nearly 73M people.
- Certain populations and services are mandatory, while other groups and services are optional (state chosen).
- Generally, everyone who is eligible in a covered group must be covered.
- States and the federal government share the costs.
  - Overall, the federal share averages 63%, but the actual percentage varies by state.
  - Some groups (e.g Medicaid expansion) and services have higher federal matching rate to encourage state uptake.

Medicaid Expansion: Filling in Gaps

- **Around a fifth and a third of Medicaid expansion adults have disabilities** – especially mental and behavioral health conditions – that can be barriers to work
- **Older adults (50-64) are much more likely to have health barriers** to employment, and more likely to encounter employment related age-discrimination
- **Millions of caregivers are enrolled in the Expansion.**
  - Parents with incomes above the low Parent and Caretaker threshold
  - Family members caring for disabled youth or aging parents
  - A third of paid home care workers for people with disabilities

Medicaid Work Requirements: Not about Work

Status of Medicaid adults not eligible through SSI (the major disability-related Medicaid category):

- in labor force 64%
- caregiving 12%
- disabled or ill 10%
- in school 7%

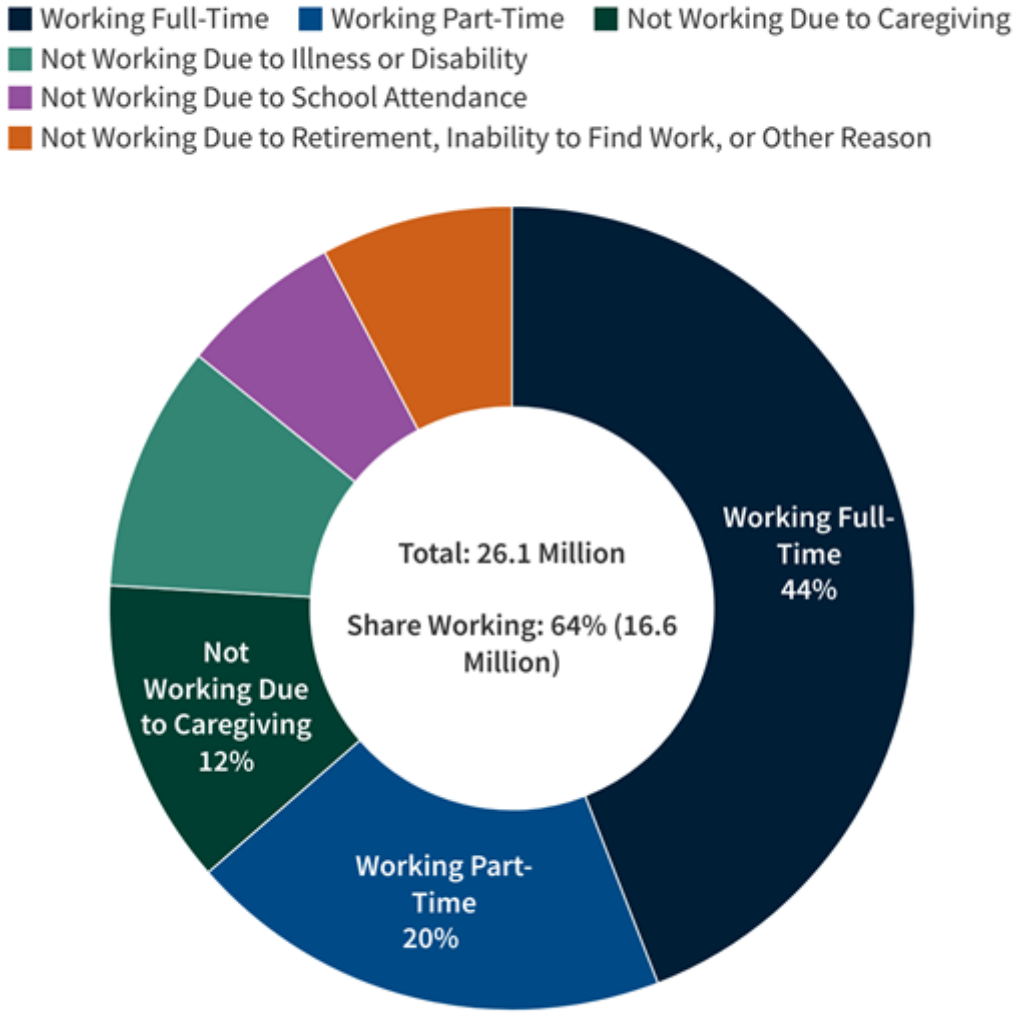
Total: 92%

Work requirements target a small subset (8%), but require everyone else to successfully navigate red tape or lose their coverage.

Figure 1

Work Status & Barriers to Work Among Medicaid Adults, 2023

Includes Medicaid covered adults (age 19-64) who do not receive benefits from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and are not also covered by Medicare.



Note: Total may not sum to 100% due to rounding. Working Full-Time is based on total number of hours worked per week (at least 35 hours). Full-time workers may be simultaneously working more than one job.

Source: KFF analysis of the March 2024 Current Population Survey ASEC Supplement

KFF

Work Requirements in Federal Programs

- Temporary Assistance for Needy Families (TANF) since 1996
- Supplemental Nutrition Assistance Program (SNAP), expanded sanctions in 1996
- Medicaid – only implemented at state level in Arkansas (2018) and Georgia (2023-current)

What We Learned from SNAP and TANF WR

- Massive loss of eligibility for benefits across programs
- No significant change in employment
- Increasing economic hardship
  - In Michigan, increasing sanctions reduced employment rates
  - Higher levels of "deep poverty"
- Carve-outs for disability and other exemptions fail
  - Coverage losses hit people with disabilities especially hard

Work Requirements in Medicaid

- Arkansas
  - Work requirement for 30-49 year olds for 7 months in 2018
  - 18,000 enrollees lost coverage (around 25% of affected group)
  - No change in employment
  - Worse health outcomes, higher uncompensated care
  - Suspended after court case due to unlawful approval
- Georgia
  - Created a narrow coverage pathway for adults in July 2023
  - $48.5M in set up and operating costs through 1st year
  - Enrollment after 18 months: 6,500 (of estimated 175,000 eligible at that income threshold)

Versions of Medicaid Work Requirements

- Federal work requirement (e.g. H.R. 2811)
- State option to implement work requirement
- Federal pilot to test work requirements in some states
- Section 1115 demonstration waiver (not legislative)

Details vary, but…

ALL are structural cuts with large coverage loss.
Full federal work requirements would jeopardize health coverage for nearly half of all enrollees – 36M people.

Work Requirement Exemptions Don't Work

- Red tape causes massive coverage losses
  - In Arkansas, the reporting website shut down at 9PM – 7AM
  - In Georgia, getting an accommodation basically requires legal assistance
- Unclear thresholds and definitions
  - Who decides whether you are "unable" to work, or "incapacitated"?
  - Disabled people, parents, and caregivers (including paid HCBS providers) consistently struggle to access exemptions–no way to "carve out" or shield from harm
- No exemption schema can account for all of the barriers to work

Work Requirement Exemptions Don't Work (ctd.)

- Outright discrimination
  - In one survey, 1 in 5 primary care providers said they would not help their patients seeking an exemption, even if the individual's condition should qualify
  - Studies document racial and ethnic discrimination in WR sanctions
  - In a study on TANF WR exemptions, caseworkers often denied women interpersonal violence exemptions that they should have granted

In sum, no matter what they look like, work requirement exemptions will consistently fail the populations they claim to protect.

What Happens to People Who Lose Coverage?

- Penalties and sanctions that cause coverage losses make outcomes worse, both for health AND for employment
- Higher rates of emergency department visits, hospitalizations, and preventable deaths from delayed or abandoned preventive care and treatments
- Large spikes in medical debt and financial instability
  - 2/5 adults already have medical debt
  - Medical debt can hurt state economies by reducing access to credit, harming employment opportunities and purchasing power

Work Requirements Would Drastically Increase Financial Burdens on State Budgets

- Would jeopardize the largest source of federal funding in states' budgets
  - National Assoc. of State Budget Officers estimated that federal funds would finance 1/3 total state spending in 2024; fed Medicaid dollars: more than half
- Waste millions on needless bureaucracy that helps no one
  - Fully implementing in KY would have cost $271.6M in admin costs
  - GA "Pathways" program: $48.5M+ on implementation in first year, 84% to admin costs
- State budgets are already getting squeezed due to inadequate federal Medicaid funding–work requirements would squeeze them further

Work Requirements Would Also Hurt State Credit Ratings

- By cutting this funding and straining states' economic conditions, WRs will cause a significant hit to state credit ratings
- This will jeopardize critical infrastructure (e.g., roads, schools) + budgetary flexibility during economic downturns

Work Requirements Would Up Uncompensated Care, Jeopardizing Hospitals + Health Care Providers' Finances

- Medicaid expansion improves the financial performance of hospitals + other providers, creates health care jobs, and improves wages
- WRs will cause mass coverage losses, which will reduce revenues for hospitals, increase uncompensated care costs, + narrow operating margins
  - Many rural hospitals are already operating at or near a loss, so WRs may force them to close
  - Currently, 46% of rural hospitals nationwide are in the red

Messaging Work Requirements: Know Your Audience!

- Medicaid is health insurance, not a jobs program
- Focus on sanctions and coverage losses as unfair and ineffective
- Cuts will affect all enrollees – exemptions don’t work
- Red tape from work requirements is wasteful and causes coverage loss
- Note the economic impact on state/local economies and the huge cost shift to state and local governments
- Keep it human

Medicaid Defense Resources

NHeLP Medicaid defense landing page: https://healthlaw.org/medicaid-defense/

How Medicaid Work Requirements Hurt People with Disabilities: https://healthlaw.org/resource/unfit-to-work-how-medicaid-work-requirements-hurt-people-with-disabilities-2/

Who is Harmed by Medicaid Work Requirements? https://healthlaw.org/resource/who-is-harmed-by-medicaid-work-requirements/

The Faces of Medicaid Expansion: Filling Gaps in Coverage: https://healthlaw.org/resource/the-faces-of-medicaid-expansion-filling-gaps-in-coverage/

Join our newsletter for action alerts and new resources: https://healthlaw.org/sign-up/

Questions?

Connect with NHeLP:

www.healthlaw.org

@NHeLProgram

@NHeLP_org

NEW: Bluesky @NHeLP.bsky.social

David Machledt
Senior Policy Analyst
machledt@healthlaw.org

Madeline Morcelle
Senior Attorney
morcelle@healthlaw.org