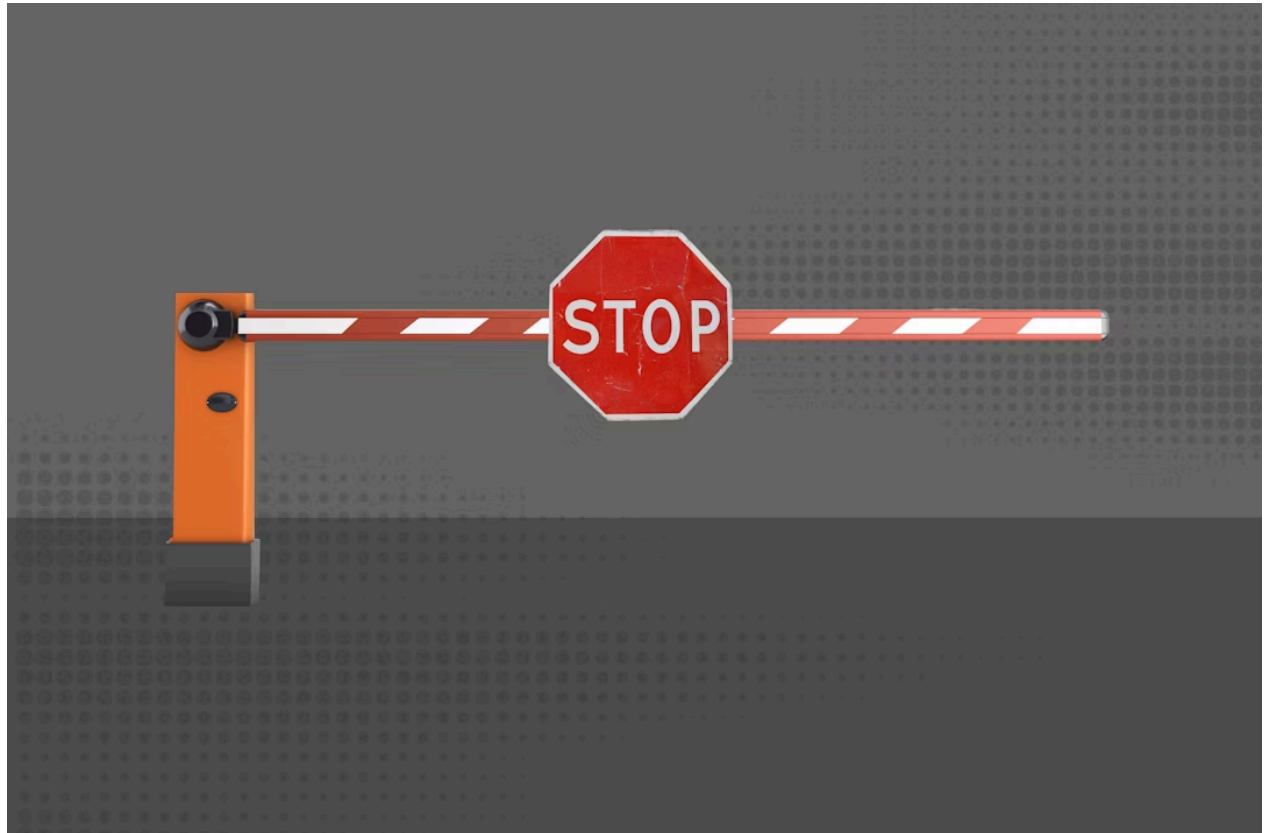


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Why Work Requirements in Medicaid Won't Work



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Republican leaders love to beat the drum of adding work requirements to Americans with Medicaid coverage.¹ It is based on a misguided belief that Medicaid causes people to lose interest in working. Here's the thing: most people with Medicaid who *can* work *do* work. Republican leaders simply want to discourage the working class from using Medicaid.

In this memo, we unpack how a Medicaid work requirement would make Americans poorer and sicker because it does not get more people to work, creates an invasive government bureaucracy, and hurts families' health and budgets. The bottom line is that having Medicaid coverage does not eliminate the need to work. Instead, having health care coverage makes it easier for people to stay healthy, so they **can work**.

A work requirement does not get more people to work.

The likely model for a work requirement is the one that Republicans in the House of Representatives passed in 2023 (which Senate Democrats blocked). It required that working-age (19 to 56 years-old) Medicaid beneficiaries work part-time (80 hours per month) or more unless they qualify for an exemption.² The exemptions included being a parent or caregiver, pregnant, disabled, in school, or in a drug or alcohol rehab program. But since so many people on Medicaid already work or qualify for an exemption, **only 2% of working-age adults with Medicaid would be affected by work requirements because they can't find work.**³

Given the tiny sliver of people that a work requirement would target, it is not surprising that it does not increase the employment rates. Nonetheless, the first Trump Administration pushed to allow states to implement work requirements until the courts stopped it, and several states began to implement them. Arkansas had the longest running program for nine months.

Arkansas' work requirement did not increase employment—neither the number of people with jobs nor hours worked. That conclusion comes from a study by leading health policy researchers that compared employment rates by age groups for people with and without Medicaid coverage.⁴ The Congressional Budget Office cited that assessment when it concluded that a work requirement would have a negligible effect on employment.⁵ Other research shows that expanding Medicaid coverage to the working class under the Affordable Care Act did not increase unemployment.⁶

Instead of a work requirement, some states have used Medicaid enrollment to link beneficiaries with job training. For example, Montana has seen over 90% of their participants get a job and two of every five earn an extra \$5,000 annually.⁷

A work requirement creates an invasive bureaucracy.

Work requirements make states track how individuals spend their time each week. They might be working, looking for work, taking classes, volunteering, or pregnant. For example, Arkansas required individuals to log in to a government website each month and complete as many as 13 steps to report on their activities.⁸ **If they failed to log in and report for any three months in a year, they would lose their Medicaid coverage for that year.**

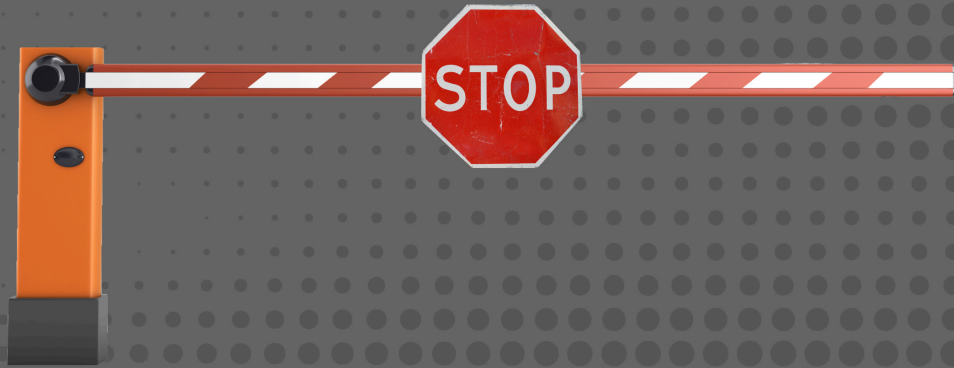
The rules for completing the check-in would vary by the circumstance of each individual, which increases the complexity of the process. For example, the frequency of check-ins would vary by work status. Arkansas required students to check in online weekly for one month and then every six months

after that. A person with a job had to check in once a month. The complexity also increased, with the accounting of hours needed to satisfy the requirement varying by activity. An hour of training instruction counted as two hours towards the weekly time requirement, and an hour of high school counted as 2.5 hours. As one person from Little Rock, Arkansas put it:

It's a lot to deal with. Especially on top of your day-to-day stuff. If you got kids, you work, you know. You got a house to maintain and then it's one more added thing; you got to remember to put this in every month. ⁹

Bureaucracy leads to loss of coverage for hard-working adults. ¹⁰ In Arkansas, coverage rates dropped by 10% for those subject to the work requirement. ¹¹ Other states with work requirements saw similar cuts in coverage. ¹² That's what Republican leaders are counting on. The Congressional Budget Office estimated that a work requirement would save \$109 billion over 10 years because 1.5 million Americans would lose their coverage. ¹³ And that's after the federal government and states pick up the tab for the costs associated with complex bureaucracy. Georgia spent about \$9,000 per enrollee in administrative costs before its program ended, and Arkansas spent over \$26 million in the short time its program was in existence. ¹⁴ Some states would face additional cost for spending their own money to cover people losing coverage. In total, CBO estimates the work requirement would cost states \$65 billion over 10 years. ¹⁵

THE MEDICAID WORK REQUIREMENT IS A BARRIER

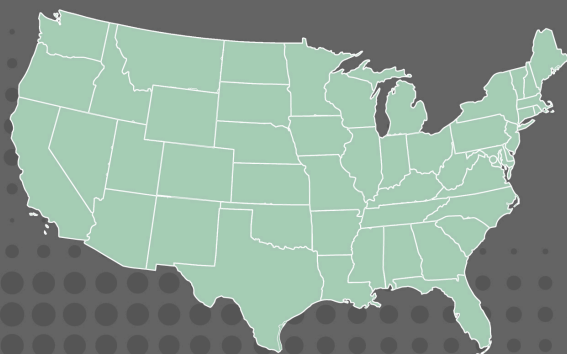


1.5 million
Americans lose
Medicaid coverage.



\$109 billion
in Medicaid cuts.

\$65 billion
in higher state costs.





WITH ZERO INCREASE IN WORKING.

Source: United States, Congress, Congressional Budget Office. “CBO’s Estimate of the Budgetary Effects of Medicaid Work Requirements Under H.R. 2811, the Limit, Save, Grow Act of 2023.” Letter, 26 Apr. 2023, <https://www.cbo.gov/publication/59109>.



A work requirement would hurt families’ health and budgets.

The loss of health care coverage is a big hit to a family’s budget. The average cost of minimal coverage for an individual is \$381 per month.¹⁶ If an individual has a job at the federal minimum wage, which is just under the federal poverty level, they will have to spend one-third on their income on health coverage if they are kicked off Medicaid.¹⁷

Since alternative coverage is not affordable, working-class families would face other consequences. One issue is medical debt. In Arkansas, 61% of people who lost Medicaid had medical debt, which was nearly twice as many as those who got to keep their coverage.¹⁸ Another issue is worse health due to lack of access to care. More than half of Arkansans who lost coverage delayed care due to costs, which was nearly double the rate for those who remained covered.¹⁹

Without coverage, people with chronic conditions lose access to the care that lets them keep working. People with Medicaid coverage who work have more chronic conditions than other workers.²⁰ For example, 14% have asthma compared to 8% of all other workers. Without access to inhalers, people with asthma have difficulty breathing and leading a productive life.

Conclusion

Republican leadership’s proposal to drastically cut Medicaid will put the health of the working class at significant risk—all in the name of misguided work requirements that have not demonstrated an ability to accomplish their stated goal of boosting employment.

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