

WHAT'S AT STAKE

Medicaid Work Requirements



Over time, policy ideas gain and lose popularity, including several that threaten the effectiveness of major health care programs like Medicare, Medicaid, and the Affordable Care Act (ACA). In this series—What’s at Stake—we explore some of these reform ideas and how they could affect coverage, care, and outcomes for older adults and people with disabilities.

Some state and federal policymakers continue attempts to condition Medicaid eligibility on compliance with monthly employment and reporting requirements, often through administrative waivers or statutory changes.¹

Background

Each state administers its own Medicaid program but must meet minimum federal standards. The federal standards can be set either at the administrative level through rulemaking and guidance or through Congressional legislation.

Proponents of work requirements often frame them as “community engagement”—a way to “improve Medicaid enrollee health outcomes” or “make a positive and lasting difference in the health and wellness of our beneficiaries.”² They explain changes are necessary because “individuals are sitting on the sidelines, missing out on the opportunity to learn new skills and participate in the economy.”³ But the work requirement proposals do not typically provide any

¹ Maya Goldman, “GOP-led states revive push for Medicaid work rules as election nears” (January 24, 2024), <https://www.axios.com/2024/01/24/medicaid-employment-requirements-republican-states-laws>; Arielle Dreher, “Medicaid work requirements would lead to more than a million people losing coverage” (May 8, 2023), <https://www.axios.com/2023/05/08/medicaid-work-requirements-million-losing-coverage>.

² Centers for Medicare & Medicaid Services, “CMS announces new policy guidance for states to test community engagement for able-bodied adults” (January 11, 2018), <https://www.cms.gov/newsroom/press-releases/cms-announces-new-policy-guidance-states-test-community-engagement-able-bodied-adults>.

³ Michael Greibrok, “Congress Could Boost Economy by Allowing Medicaid Work Requirements Without Bureaucratic Intervention,” Foundation for Government Accountability (March 8, 2023), <https://thefga.org/research/congress-boost-economy-allowing-medicaid-work-requirements/#>.

clear information about how new administrative hurdles will enable people to find work—much less demonstrate how they will advance Medicaid’s goal of care provision.

Legislation

Federal legislation is one avenue for policymakers looking to advance work requirements. For example, in 2017, Congress attempted, and failed, to pass a law that would have eliminated the ACA’s Medicaid expansion and set new work requirements for so-called “able bodied” adults.⁴ More recently, in 2023, the House of Representatives passed a bill that would create Medicaid work requirements for adults aged 19 to 55 who were not: “physically or mentally unfit for employment; pregnant; the parent or caretaker of a dependent child; the parent or caretaker of an incapacitated person; complying with work requirements under a different program under Federal law; participating in a drug or alcohol treatment and rehabilitation program (as defined in section 3(h) of the Food and Nutrition Act of 2008); or enrolled in an educational program at least half time.”⁵

1115 Waivers

At the state level, Medicaid programs can apply for a Section 1115 demonstration waiver to test new approaches that differ from the standard coverage and benefits required by federal law.⁶ Such waivers are statutorily required to promote the key objective of the Medicaid program: to furnish medical assistance to low-income individuals.

Several states have sought Section 1115 waivers to add work requirements. In 2020, KFF reported that “eight states have approved waivers with work requirements, seven have such waiver requests pending, and four other states (AR, KY, MI, and NH) have had work requirement waivers set aside by the courts.”⁷

The court actions were particularly important as they hinged on a finding that work requirements do not align with the statutory goal of the Medicaid program.⁸ These cases were

⁴ Medicare Rights Center, “The Latest on the Health Care Repeal Bill from the Senate Floor” (July 27, 2017), <https://www.medicarerights.org/medicare-watch/2017/07/27/blog-latest-health-care-repeal-bill-senate-floor/>; Medicare Rights Center, “In Dramatic Fashion, the U.S. Senate Defeats the Latest Attempt to Appeal the Affordable Care Act” (July 28, 2017), <https://www.medicarerights.org/medicare-watch/2017/07/28/blog-dramatic-fashion-u-s-senate-defeats-latest-attempt-appeal-affordable-care-act/>.

⁵ Limit, Save, Grow Act of 2023, H.R.2811, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/house-bill/2811/text>.

⁶ For more on Section 1115 waivers, see our companion fact sheet focused on that issue.

⁷ Madeline Guth, et al., “The Landscape of Medicaid Demonstration Waivers Ahead of the 2020 Election” (October 30, 2020), <https://www.kff.org/medicaid/issue-brief/the-landscape-of-medicaid-demonstration-waivers-ahead-of-the-2020-election/>.

⁸ Medicare Rights Center, “Once Again, Medicaid Work Requirements are Found Impermissible” (March 28, 2019), <https://blog.medicarerights.org/medicare-watch/2019/03/28/blog-once-again-medicaid-work-requirements-are-found-impermissible>.

on track to the Supreme Court, but the COVID-19 pandemic, followed by the Biden-Harris administrations' decision to reverse Trump-era permissions for such waivers, resulted in the earlier court decisions being vacated.

Biden's election ended most state attempts to implement work requirements, but Georgia has moved forward with a plan to modestly expand Medicaid eligibility and institute a work requirement. The administration attempted to rescind permission for this plan but was stopped by a federal court.⁹ An investigation of Georgia's implementation showed that costs are extremely high, with 90% of the spending going to administrative expenses and only a fraction of those estimated to be eligible managing to enroll in the program.¹⁰

Most Adults on Medicaid Already Work

Importantly, most low-income adults on Medicaid already do work. KFF analysis for 2021 showed that 61% of nonelderly, non-disabled adults with Medicaid were working full or part-time. The remainder gave reasons of caregiving responsibilities, illness or disability, school attendance, or inability to find employment for their lack of work.¹¹

These KFF data show that most individuals in the target group for the 2023 bill would still likely qualify for Medicaid, but the administrative hurdles of work requirements can effectively keep people from accessing the care and coverage they need. In 2018, when a new work requirement went into effect in Arkansas, 18,164 people lost coverage in 2018 due to failure to meet the work and reporting requirements despite the vast majority being exempt.¹² As in Georgia, many of those who lost coverage were likely due to failure to understand the requirement or failure to report rather than a failure to qualify.¹³

As with many health policies, the effect would be most pronounced on people over 50 who often face significant challenges in meeting work requirements, often due to discrimination.¹⁴

⁹ Madeline Guth, "Medicaid Work Requirements are Back on the Agenda" (April 3, 2023), <https://www.kff.org/policy-watch/medicaid-work-requirements-are-back-on-agenda/>.

¹⁰ Andy Miller & Renuka Rayasam, "Georgia's Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment" (March 20, 2024), <https://kffhealthnews.org/news/article/georgia-medicaid-work-requirements-experiment-high-cost-low-enrollment/>.

¹¹ Madeline Guth, et al., "Understanding the Intersection of Medicaid & Work: A Look at What the Data Say" (April 24, 2023), <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-work-a-look-at-what-the-data-say/>.

¹² Robin Rudowitz, MaryBeth Musumeci & Cornelia Hall, "February State Data for Medicaid Work Requirements in Arkansas" (March 25, 2019), <https://www.kff.org/medicaid/issue-brief/state-data-for-medicaid-work-requirements-in-arkansas/>.

¹³ MaryBeth Musumeci, Robin Rudowitz & Cornelia Hall, "An Early Look at Implementation of Medicaid Work Requirements in Arkansas" (October 8, 2018), <https://www.kff.org/medicaid/issue-brief/an-early-look-at-implementation-of-medicaid-work-requirements-in-arkansas/>.

¹⁴ Victoria A Lipnic, "The State of Age Discrimination and Older Workers in the U.S. 50 Years After the Age Discrimination in Employment Act (ADEA)" (June 2018), <https://www.eeoc.gov/reports/state-age-discrimination-and-older-workers-us-50-years-after-age-discrimination-employment>.

The health consequences for this population if they lose Medicaid coverage can be especially severe,¹⁵ and self-reported health status—a strong indicator of well-being—tends to decline with age and to be closely related to income status.¹⁶

¹⁵ Center on Budget and Policy Priorities, “Taking Away Medicaid for Not Meeting Work Requirements Harms Older Americans” (March 14, 2019), <https://www.cbpp.org/research/health/taking-away-medicaid-for-not-meeting-work-requirements-harms-older-americans>.

¹⁶ Centers for Disease Control, “Health Status” (last visited June 24, 2024), <https://www.cdc.gov/nchs/hus/topics/health-status.htm#featured-charts>.