As a result of expansions in Medicaid eligibility and improved enrollment of people previously eligible, more Americans than ever—nearly 70 million—have health insurance through Medicaid. One threat to this progress is the adoption of “work requirements” for adults receiving Medicaid. Such requirements would act as a barrier to health coverage to significant numbers of Medicaid recipients—including those who have major health conditions and those who work in jobs that do not provide consistent hours of work—and would drive up administrative costs.

Several states have submitted proposals for Medicaid waivers to the Centers for Medicare and Medicaid Services (CMS) that include work requirements. In some cases, these would apply to childless adults; in other cases parents would be included. While such waivers have been requested in the past, previous administrations have rightfully denied states the option of implementing work requirements as a condition of eligibility for Medicaid because they are inconsistent with the Medicaid goal of improving health. However, the Trump Administration has sent signals to states that they will consider work requirements in Medicaid. In addition, the health reform proposals put forth in Congress earlier this year also contained work requirement language, and it is likely that future discussions about health reform and Medicaid may revisit this topic.

While work requirements are new to health programs, we have decades of experience with such requirements in other safety net programs, specifically cash assistance under Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP). Ideas and language put forth by states in their Medicaid waivers are clearly drawn from these programs. We know from these programs that the main effect of work requirements is to discourage enrollment, with little effect on employment outcomes. This document translates many of the lessons learned from TANF and SNAP to Medicaid.

If Medicaid work requirements are approved by CMS, health advocates and other stakeholders need to be prepared to influence policy decisions that their state administrations will be making. They also need to be prepared to monitor the implementation and document the problems and barriers faced by enrollees. In this FAQ, CLASP seeks to introduce health advocates to the main concepts of work requirements. We are happy to provide additional information to those who want assistance combating work requirements in their state.
Frequently Asked Questions

1. What is a work requirement?

A work requirement is a condition of eligibility that some states are requesting to impose on Medicaid enrollees.

When a work requirement is applied to a program, certain enrollees must work or participate in other “qualifying activities,” such as volunteering or attending school, for a minimum number of hours per week or month in order to stay enrolled in Medicaid.

2. Are there already work requirements in Medicaid?

No.

There is no statutory authority under Medicaid to impose work requirements on applicants or enrollees. Some states, such as Indiana, Montana, and Arkansas, currently refer some Medicaid enrollees to voluntary programs designed to increase their employability.

Several states have submitted waiver requests that include work requirements under section 1115 of the Social Security Act. Language in the waiver requests is often clearly drawn from work-related language in TANF and SNAP, both of which have statutory provisions that set conditions on when states may impose work requirements.

Section 1115 allows CMS to grant waivers, providing they meet four specific criteria: they must be limited to specific provisions of Medicaid statute; likely to promote Medicaid’s objectives; limited to the extent and period needed to carry out the experiment; and, structured as an experimental, pilot, or demonstration project. Waivers must also be cost-neutral to the federal government, meaning that policy changes in the waiver must not cost the federal government more than if the changes were not made.

CMS has never approved a waiver requesting a work requirement for Medicaid and has denied such requests from four states (AZ, AR, IN, and NH) in recent years. CMS has historically recognized that work requirements do not promote Medicaid’s objective, which is to provide medical assistance to individuals whose incomes and resources are insufficient to meet the costs of necessary medical care and to furnish such assistance and services to help people attain or retain the capacity for independence and self-care.

The Trump Administration has made statements indicating a likely reversal of this long-held position and suggesting that CMS will approve states’ requests to implement work requirements. Six states (AR, IN, KY, ME, UT, WI) have waiver requests that include work requirements currently under consideration by CMS. As of publication of this FAQ, no waiver requesting a work requirement has been approved.

3. Why are work requirements unnecessary?

States are proposing work requirements to solve a problem that does not exist. The truth is that most working-age adults on Medicaid are employed. Sixty percent of working age adults on Medicaid are working and 79 percent are in families with at least one worker. Other adults on Medicaid are likely
unable to work due to illness or disability, or have another valid reason for not working (such as caring for a disabled child or spouse).  

Work requirements in Medicaid will result in many people losing coverage, in most cases simply because of the red tape and bureaucratic reporting requirements, and relatively few for not meeting the requirement to work. In fact, the Congressional Budget Office said in its score of the “Graham-Cassidy” bill that some states would use work requirements to reduce enrollment and the associated costs. 

4. Do work requirements help participants get jobs? 

No. 

The evidence from TANF and SNAP shows that work requirements do little to improve work outcomes. Lessons learned from other programs demonstrate that work requirement policies are not effective in connecting people to living-wage jobs that provide affordable health insurance and other work support benefits such as paid leave. A much better focus for public policy is to develop skills training for jobs that are in high demand and pay living wages, help people get the education they need to climb their career ladder, and foster an economy that creates more jobs. 

Another consequence of a work requirement could be, ironically, making it harder for people to work. When additional red tape and bureaucracy force people to lose Medicaid, they are less likely to be able to work. People must be healthy in order to work, and consistent access to health insurance is vital to being healthy enough to work. Medicaid expansion enrollees from Ohio and Michigan reported that having Medicaid made it easier to look for employment and stay employed. Making Medicaid more difficult to access could have the exact opposite effect on employment that supporters of work requirements claim to be pursuing. 

5. What counts as work? 

Each state would determine what counts as work, including how many hours per week or month someone must work to stay enrolled in Medicaid. 

In addition to traditional employment (i.e. working for an hourly wage), other “qualifying activities” are identified by the states as meeting the work requirement. These activities typically include attending school, volunteering, or being a primary caregiver to a young child or a household member who is disabled. However, there is no requirement that states count such activities. 

6. What happens to people who don’t meet the work requirement? 

In the waiver proposals before CMS, the sanctions—or consequences—for not meeting the work requirement all lead to being disenrolled from Medicaid. The proposals vary in the sequence of steps that lead to disenrollment, but the bottom line is that people will be disenrolled from Medicaid for not meeting the work requirements (or not completing the paperwork to prove they met the requirements). 

The proposals specify various periods for being disenrolled, with some states allowing re-enrollment.
after one month of meeting the work requirement and other states proposing a “lock-out” period for a specific number of months or until the beginning of the next coverage year (this particular proposal assumes an open enrollment period for Medicaid rather than the current policy of year-round enrollment). It is important to note that once in a lock-out period, people will remain in the lock-out period for its duration, even if they become employed and are meeting the work requirement.

7. Who would be subject to work requirements in Medicaid?

Each state would propose which enrollees must meet work requirements in order to receive Medicaid coverage.

In general, states are proposing to apply work requirements to “able bodied” adults in Medicaid, meaning those adults who are not disabled or seniors. Some states are limiting their proposal to childless adults, while others are including parents of children over age six.

States would also be able to define who is exempt from the work requirement—and the proposals submitted by states vary greatly. Exempt populations will not be required to work to keep Medicaid. States have suggested exempting such populations as pregnant women, people who are homeless, and those undergoing substance use treatment.

8. How would people be identified as exempt from the work requirement?

States would decide how to screen Medicaid enrollees for exemptions.

In SNAP and TANF, the most common way people are determined exempt from a work requirement is through an interview. Because interviews have not been a part of Medicaid application for over two decades, this would add a cumbersome new step to the application process—both for the applicant and the state.

In other situations, internal data matches may be able to identify someone as exempt. For example, if a state exempts adults with young children, the state may able to identify parents as exempt from the work requirement if their children are also enrolled in Medicaid. However, in order to accurately use such internal data matches, the state may need to make costly and time-consuming technology updates to their systems.

9. If the work requirements are only for able-bodied adults, why would this hurt people with disabilities?

So far, all the states applying for waivers have stated in their applications that people with disabilities and “medically fragile” persons will be exempt from work requirements. However, we know from experiences with SNAP and TANF that many people with disabilities who should be exempt do not receive an exemption, often due to a complicated process of validating their disability to the state.\(^5\)\(^6\)

If a state requires a stringent definition of “disability” for exemptions, many adults with disabilities or chronic illnesses that don’t meet the threshold would lose their Medicaid. For example, states may
determine that someone must receive Disability/Supplemental Security Income (SSI) to be considered exempt from a work requirement. This would leave many people with disabilities unable to get an exemption because the state does not consider them sufficiently disabled, yet they are still unable to work due to their illness or disability. Persons with disabilities may also face additional struggles navigating the paperwork processes and bureaucracy to prove they are disabled.

A Kaiser Family Foundation study found that 36 percent of unemployed adults receiving Medicaid—but who are not receiving Disability/SSI—reported illness or disability as their primary reason for not working. And, an Ohio study found that one-third of the people referred to a SNAP employment program that would allow them to keep their benefits reported a physical or mental limitation. Of those, 25 percent indicated that the condition limited their daily activities, and nearly 20 percent had filed for Disability/SSI within the previous 2 years.

10. Do Medicaid enrollees who are working or going to school need to worry about the work requirement?

Yes.

All adult Medicaid enrollees, including those with jobs, will be burdened by the reporting requirements of a work requirement. Additionally, those who are working but have fluctuations in their hours may face unexpected lapses in Medicaid coverage.

11. What effect will the extra red tape and reporting requirements have on Medicaid enrollees?

The systems put in place to enforce the work requirement are so cumbersome and bureaucratic that people are likely to lose coverage due to the complexity of the system, not because they are ineligible.

We know that for every additional piece of paperwork that is required, fewer people are able to secure or retain coverage. A work requirement compels people to submit documentation of their hours worked (sometimes from multiple jobs) on a regular basis. Failing to submit paperwork—even when they are working and meeting the work requirements—would cause people to lose their Medicaid coverage.

Work requirements do not reflect the realities of today’s low-wage jobs. For example, seasonal workers may have a period of time each year when they are not working enough hours to meet a work requirement and, as a result, will churn on and off the program during that time of year. Or, some may have a reduction in their work hours at the last minute and therefore not meet the minimum numbers of hours needed to retain Medicaid. Many low-wage jobs are subject to last-minute scheduling, meaning that workers do not have advance notice of how many hours they will be able to work. This not only jeopardizes their health coverage if Medicaid has a work requirement but also makes it challenging to hold a second job. If you are constantly at the whim of random scheduling at your primary job, you will never know when you will be available to work at a second job. This would lead to
greater “churn” in Medicaid as people who become disenrolled reapply and enroll when they meet the work requirements.

12. If Medicaid enrollees work, won’t they get health insurance through their jobs?

Many Medicaid enrollees already work in jobs that do not provide health insurance benefits, and those who will enter the workforce are likely to be employed in industries that typically do not offer health insurance.\(^{21}\)

Only 49 percent of people in this country receive health insurance through their jobs.\(^{22}\) The reality is that many people in America work in industries, like retail and food service, which typically do not offer employer-sponsored insurance.\(^{23}\)

Low-wage work in America does not fit into the “9-to-5” conception that many politicians and state administrators have of work. About half of low-wage hourly workers have schedules outside the traditional Monday-Friday, 9-5 routine and are patching together two or more part-time jobs to support their families.\(^{24}\) Frequently, they aren’t getting traditional employment benefits (such as health insurance) that middle- and upper-income Americans receive with their jobs. Recent data show that 5 million workers reported working part-time, despite wanting full-time jobs. Involuntary part-time work is a symptom of the low-wage labor market that makes it difficult for people to gain economic security.\(^{25}\)

13. Would states have to provide unemployed Medicaid enrollees with opportunities to meet the work requirements?

No.

Nothing would require states to provide job search or training programs to Medicaid enrollees who are subject to a work requirement. Because waivers must be cost-neutral, if states include in their waiver the ability to use Medicaid dollars to provide employment services that would mean fewer dollars available to provide health care.

Employment services offered to enrollees of TANF and SNAP vary greatly from state to state, and sometimes even within states. Common employment assistance consists of resume development and online job searches but not in-depth career counseling or vocational training that may help someone secure gainful employment with health insurance.

Some states suggest that people could participate in existing workforce or employment programs. However, state employment programs do not have the capacity to absorb the number of people enrolled in Medicaid that would be subject to work requirements. Because federal funding for workforce services is capped, states are only able to serve a tiny share of those who might benefit from training services. Employment programs in states are relatively small compared to the number of people enrolled in Medicaid.
14. Would states have to provide Medicaid recipients required to work with child care assistance if they need it to work?

States would not be required to provide recipients with child care or other services needed to work. Under TANF and SNAP, states cannot sanction someone (deny them benefits) for not participating if they cannot obtain appropriate or affordable child care. This rule does not exist for Medicaid. While states have not proposed to impose work requirements on parents of children under age 6, parents of older children still need child care for out of school time.

15. What happens during local or national recessions?

None of the waiver proposals submitted by states envision or make plans for what would happen during a local or national recession. Unless they modified their waivers, work requirements would still be in place during recessions, causing many people to lose their health care if they lose their job.

Medicaid has traditionally provided a medical safety-net during recessions. This safety-net would not exist if work requirements were in place.

The proposed work requirements also do not account for areas of high unemployment. While SNAP allows states to waive work requirements for people who live in high unemployment areas, there is no such safeguard in place in the states’ proposals for Medicaid work requirements.

16. Do states use language other than “work requirement” but mean the same thing?

Yes.

Some states have used other terms like “community engagement” and “employment and training” in place of “work requirement.” If these provisions require applicants or enrollees to participate, and threaten them with loss of health insurance if they fail to do so, they should be treated as synonyms for work requirements.

Some states may also describe these requirements as “time limits” under which people who are working or participating in another qualified activity are exempt.
Endnotes


22 Kaiser Family Foundation, “Health Insurance Coverage of the Total Population,” 2015, http://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

