

Medicaid Reform Proposals: The Impact of Medicaid Work Requirements

Current proposals to reform Medicaid would make it more difficult for individuals with mental health and substance use challenges to seek and maintain health coverage. Among these proposals, imposing work requirements as a condition of receiving Medicaid coverage has been floated as part of budget reconciliation talks. In addition to a [document](#) released to accompany the recent budget resolution markup, last month the House Budget Committee circulated a “[menu of options](#)” for spending cuts, including a proposal on Medicaid work requirements (p. 20). Specifically, the proposal would “implement work requirements for able-bodied adults without dependents to qualify for Medicaid coverage, as included in the [House-passed Limit, Save, Grow Act \(H.R. 2811\)](#). Certain populations would be exempted, such as pregnant women, primary caregivers of dependents, individuals with disabilities or health-related barriers to employment, and full-time students.”

For most of Medicaid’s now almost 60-year history, program eligibility has not been tied to employment. This changed during the first Trump administration, when states were given the option to impose work requirements as a condition of enrollment. The Centers for Medicare and Medicaid Services (CMS) approved 11 state proposals for implementing [waiver-based demonstration programs](#) between 2017 and 2021. Most of these proposals faced legal challenges and were never fully implemented before being rescinded entirely in 2021.

In 2018, as part of the newly proposed waiver-based programs, Arkansas implemented a Medicaid work requirement for a nine-month period. During this time, [more than 18,000 Medicaid enrollees lost coverage](#). Roughly one-third of enrollees [reported being unaware of the requirement](#). An [analysis](#) found that compared to individuals in states without work requirements — work requirements failed to increase employment among 30-to-49-year-old Arkansans (the age group targeted by the policy) while resulting in significant coverage losses while the requirements were in effect.

Similarly, Georgia’s work requirement for certain individuals not otherwise eligible for traditional Medicaid (offered through the [Pathways to Coverage program](#)) has fallen short of expectations since launching in July 2023. [The state reported that](#) more than 40% of Georgia’s counties still had fewer than 10 enrollees despite the state having one of the highest percentages of uninsured populations in the nation, and a total of 4,231 individuals enrolled, well below the state’s first-year projection of approximately 100,000 new enrollees. To date, Georgia is the only state that has implemented work requirements on eligible individuals with incomes up to 100 percent of the federal poverty level, as a condition of receiving Medicaid Waivers that require work to stay eligible for life saving treatment can place individuals with serious mental illness or substance use disorders at risk of losing treatment, aggravating their conditions, or even dropping out of the workforce or school. Often, these individuals need

health care *to be able* to work. A 2021 analysis found that an [overwhelming majority of working-age adults](#) on Medicaid, 67 percent, were either in school or working full or part time. An additional 13 percent were caregivers, and some part-time workers were either in school or participating in work training programs. Work requirements can also impose substantial reporting burdens on Medicaid enrollees. Even those individuals who are working a sufficient number of hours may risk losing coverage if they cannot consistently document and submit proof of their hours. This reporting process can be particularly challenging for individuals juggling multiple jobs and those lacking internet/computer access.

In 2023, the Congressional Budget Office (CBO) [responded to a request for information](#) about the budgetary effects of the above mentioned, H.R. 2811 and estimated that the work requirement provision would decrease federal spending by about \$109 billion over a ten year period. Once all states established requirements, about 1.5 million adults, on average, would lose federal funding for their Medicaid coverage. CBO expects that many states would cover the cost of maintaining insurance coverage for affected people. In total, an estimated 60 percent (or about 900,000 people) would remain in their state's Medicaid program under state-only funding and 40 percent (or about 600,000 people) would become uninsured.”