

## MEDICAID WORK REQUIREMENTS

### AAFP Position

The American Academy of Family Physicians (AAFP) has long advocated for preserving and strengthening Medicaid, a program upon which many vulnerable Americans rely. Recent efforts to impose work requirements on Medicaid beneficiaries conflict with the [Joint Principles on Section 1115 Demonstration Waivers](#) adopted by a group of six front-line physician organizations representing more than 560,000 physicians and medical students nationwide. The principles state that imposing work requirements, lock-outs, premiums, and other out-of-pocket costs limit access to preventative and primary care services and inhibit Medicaid beneficiaries from seeking care that helps them avoid costlier health conditions and maintain wellness. The AAFP is concerned that work as a mandatory condition of Medicaid eligibility would create unacceptable barriers to care. The AAFP opposes changes to Medicaid that would limit eligibility and coverage for beneficiaries.

### Background

Until recently, the Centers for Medicare and Medicaid Services (CMS) and state Medicaid agencies did not consider employment status when determining Medicaid eligibility. Work requirements waivers submitted during the Obama administration were rejected because they could “undermine access” to health insurance and did “not support the objectives of the Medicaid program.”<sup>1</sup> Approximately 60 percent of working age Medicaid enrollees already work, and an overwhelming majority of the remaining enrollees report that they have some sort of illness, disability, or are in school.<sup>2</sup>

In January 2018, CMS reversed course and sent a [letter](#) to all state Medicaid Directors encouraging states to utilize the Section 1115 process to submit Medicaid work and community engagement waivers for approval. Since then, twelve states (AZ, AR, GA, IN, KY, MI, NE, NH, OH, SC, UT, WI) have received federal approval from CMS, with an additional seven states (AL, ID, MS, MT, OK, SD, TN) awaiting approval. Maine’s new governor revoked that state’s work requirement upon her inauguration in January 2019. Virginia’s governor officially withdrew a state work requirement proposal in July 2020. California became the first [state](#) to ban Medicaid work requirements through legislation.

### Work Requirements Specifics

The specifics of each work requirement vary by state, but most require enrollees to work approximately 20 hours per week or 80 hours per month in order to receive Medicaid benefits. Examples of work include full- or part-time employment, job training programs, secondary or college education, technical school, some caregiving activities, and community service.

Waivers submitted to CMS for approval also exempt certain populations from work and community engagement requirements, including children under age 18, seniors, the medically frail or disabled, pregnant women, primary caregivers, and other specific populations. Because a majority of each state’s Medicaid population falls into one of these exempted categories, most work requirements generally apply to approximately 3-30 percent of Medicaid enrollees in a state, which are disproportionately working age, childless adults who first gained coverage through the Affordable Care Act’s (ACA)

<sup>1</sup> Greene J. (2017). “What Medicaid Recipients And Other Low-Income Adults Think About Medicaid Work Requirements.” *Health Affairs*. Web.

<sup>2</sup> Garfield R, Rudowitz R. (2018). “Understanding the Intersection of Medicaid and Work.” *Kaiser Family Foundation*. Web.

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Medicaid expansion.<sup>3</sup> Only three states (GA, SC, WI) with approved work requirements waivers have not expanded Medicaid under the ACA.

In most states that have moved to establish work requirements, beneficiaries who report three months of noncompliance are disenrolled from Medicaid. Depending on the state, those subject to disenrollment may be prohibited from reenrolling until the following January, or may have the opportunity to regain coverage, should they come to satisfy the work requirement.

### Approved Waivers: Legal Challenges

As of November 2020, twelve states' waivers to impose work requirements have been approved by HHS. Of those twelve states, work requirements in four states (AR, KY, MI, NH) have been blocked by the courts. Arkansas' requirements, which took effect in June 2018, resulted in 18,000 Arkansans losing coverage and were [halted](#) by a judge in federal district court, who also stopped similar requirements from taking place in [Kentucky](#), [New Hampshire](#) and [Michigan](#) as of March 2020. The judge determined that Arkansas' work requirements failed to satisfy the central objective of Medicaid of providing insurance coverage. Kentucky's work requirements were labelled "arbitrary and capricious" for not fully taking into account the 95,000 Medicaid beneficiaries in the state that would stand to lose coverage under the new rules. Similar grounds were given for striking down the New Hampshire and Michigan work requirements. In October 2019, [Indiana](#) halted their work requirements citing ongoing litigations, and [Arizona](#) postponed implementation of their work requirements citing the "national evolving landscape". In February 2020, an appeals court upheld the decisions to halt implementation in [Kentucky](#) and [Arkansas](#), after Kentucky's new governor rescinded the requirement in December 2019.

### Research Surrounding Work Requirements

Despite many individuals losing Medicaid coverage following the introduction of work requirements on beneficiaries in Arkansas, there was not a commensurate increase in employment and confusion about the reporting requirements was common.<sup>4</sup> Loss of coverage, particularly as a result of work requirements, subjects the entire health system to increases in uncompensated care costs and an increased uninsured rate.<sup>5</sup> Additional research into the implications of Arkansas' work requirements found that most people who had lost coverage under the new work requirements in 2018 regained coverage following the court order in 2019, which put the policy on hold.<sup>6</sup>

Other government programs have imposed work requirements, including Temporary Assistance for Needy Families (TANF). Analyses of these programs suggest that work requirements do not spur a significant number of beneficiaries to seek and gain employment<sup>7</sup> and that the evidence to support the idea that work has a positive impact on health and health coverage is mixed at best.<sup>8,9</sup> In fact, significant research supports the idea that access to health insurance, including Medicaid and in particular Medicaid expansion, increases an individual's likelihood of obtaining and holding a job.<sup>10,11</sup>

**Updated: November 2020**

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<sup>3</sup> Silvestri D, Holland M, Ross J. (2018). "State-Level Population Estimates of Individuals Subject to and Not Meeting Proposed Medicaid Work Requirements." *JAMA Internal Medicine*. Web.

<sup>4</sup> Sommers B, Goldman A, Blendon R, Orav J, Epstein A. (2019). "Medicaid Work Requirements – Results from the First Year in Arkansas." *New England Journal of Medicine*. Web.

<sup>5</sup> Musumeci M, Rudowitz R, Hall C. (2018). "An Early Look at Implementation of Medicaid Work Requirements in Arkansas." *Kaiser Family Foundation*. Web.

<sup>6</sup> Sommers D, Chen L, Blendon R, Orav E, Epstein A. (2020). "Medicaid Work Requirements In Arkansas: Two Year Impacts on Coverage, Employment and Affordability of Care." *Health Affairs*. Web.

<sup>7</sup> Katch H, Wagner J, Aron-Dine A. (2018). "Taking Medicaid Coverage Away from People Not Meeting Work Requirements Will Reduce Low-Income Families' Access to Care and Worsen Health Outcomes." *Center on Budget and Policy Priorities*. Web.

<sup>8</sup> Van der Noordt M, Jzelenberg H, Droomers M, Proper K. (2014). "Health Effects of Employment: A systematic Review of Prospective Studies." *Occupational and Environmental Medicine*. Web.

<sup>9</sup> Hahn, H. (2018). "What research tells us about work requirements." *Urban Institute*. Web.

<sup>10</sup> University of Michigan Institute for Healthcare Policy and Innovation (2017). "Medicaid Expansion Helped Enrollees Do Better at Work or in Job Searches." Web.

<sup>11</sup> Bureau of Business and Economic Research. (2018). "The Economic Impact of Medicaid Expansion in Montana." Web.