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Why Work Requirements Will Not Improve Medicaid

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One out of every five low-income Americans depends on Medicaid, the national insurance program for the poor jointly run by federal and state governments. Medicaid provides insurance coverage for a broad array of health services from pregnancy care and childhood immunizations to emergency hospitalizations. As the practice of health care has developed, states have applied for waivers under Medicaid's "Section 1115" program to test new ways of delivering prenatal care, coordinated care for children, and specialized medical treatment for cancer patients. But in 2018 the Trump administration signaled a major shift in the Medicaid waiver policy. Section 1115 waivers are now being used to allow states to require people applying for Medicaid to work or engage in unpaid "community engagement" as a condition of eligibility. Currently, such work requirements for Medicaid are under consideration in twenty states.

Are work requirements for Medicaid a good idea – comparable to the kinds of improvements states have tried under waivers in the past? Medical and social scientific research actually suggests that imposing work requirements is unlikely to improve health outcomes. Even more worrisome, for the three-fifths of Medicaid beneficiaries who are already employed, administrative work requirements are likely to impose barriers to accessing needed healthcare. Because the new work requirements do not further Medicaid's goal of providing healthcare coverage, they may well violate established Medicaid law.

My research reinforces prior findings that Medicaid work requirements will not make anyone healthier. These rules will create confusing bureaucratic red tape and prevent low-income Americans from getting the care they need. Millions of low-income Americans will pay the price for this attempt by the Trump administration to misapply federal law.

The History of Medicaid

Established in 1965, Medicaid provides health insurance coverage to the elderly, individuals with disabilities, and low-income families. The law as written was meant "to furnish medical assistance" to individuals "whose income and resources are insufficient to meet the costs of necessary medical services." People who benefit from Medicaid are far less likely than their peers to forego necessary medical care, and a growing body of research shows that Medicaid coverage is associated with lower rates of mortality and increases in access to care and self-reported improvements in health.

Over the years, many improvements in the Medicaid program started at the state level. Under Section 1115, the Secretary of Health and Human Services can allow states to waive certain requirements to experiment with policies that that are "likely to assist in promoting the objectives" of the Medicaid Act. Beginning in the 1990s, states like Minnesota, New York, and New Jersey used waivers to expand coverage to new populations of low-income Americans, control program costs, and improve the quality of care. Nevertheless, because Section 1115 waivers are supposed to promote the objectives of the original Medicaid law, federal officials prior to the Trump administration were reluctant to approve state modifications that would deny potential beneficiaries necessary access to medical care.

Work Requirements Mean More Bureaucracy and Less Health Care

Breaking with tradition, in 2018, the Trump administration advised states that it would approve Section 1115 waivers that required individuals to participate in "employment-related activities," including paid employment or job training as well as unpaid volunteer work or community service. As of April, nearly 20 states are in the process of developing such waiver applications and the Centers for Medicare and Medicaid Services has already approved such waivers in Kentucky, Indiana, and Arkansas.

The results are likely to undercut Medicaid's basic goals. Although three out of every five able-bodied Medicaid beneficiaries already work or participate in community engagement, new work requirements will create costly and confusing bureaucracy for millions of low-income Americans who will have to periodically recertify their work status with multiple state agencies. People suffering from intense poverty tend to struggle more than others with such burdens. Predictably, many will fail to meet the new paperwork requirements and fall out of the system, even though they still need health insurance. Not only will this outcome directly undermine the basic purpose of Medicaid, applying the new rules will consume time and resources administrators could devote to helping beneficiaries.

Busting the Myth that "Employment Leads to Better Health"

Policymakers and civic leaders should push back against false Trump administration claims that existing research bolsters the case for new Medicaid work requirements:

- Trump officials claim that a 2016 study showed that employment is associated with better health outcomes – but the researchers actually noted that unemployment rates "were not significantly associated with life expectancy… in the bottom income quartile."
- Officials say that a 2014 study published in *Occupational and Environmental Medicine* establishes a "protective effect of employment on depression and general mental health." But those researchers said that they cannot establish a causal link because "positive health effects of employment can be affected by the fact that healthier people are more likely to get and stay in employment."

Indeed, research supports the opposite of Trump administration claims. Instead of employment automatically improving health, **better health actually improves people's employment prospects.** A research summary in *Medical Care Research and Review* finds that improved health would increase earnings by 15 to 20 percent. Some studies suggest that low-income jobs lead to higher rates of mortality and other bad health outcomes. And a recent *Health Affairs* report found that participants in a Florida welfare experiment whose benefits were conditioned on workforce participation had a 16 percent higher mortality rate than comparable recipients not subject to work stipulations. Medicaid was designed as a program to improve the health of poor Americans – and available evidence suggests that it should continue to serve this core purpose – rather than being turned into a cudgel to deny care or force people into bad jobs.

Read more in Daniel Béland, Philip Rocco, and Alex Waddan, *Obamacare Wars: Federalism, State Politics, and the Affordable Care Act* (University Press of Kansas, 2016).