

Implications of Work Requirements in Medicaid: What Does the Data Say?

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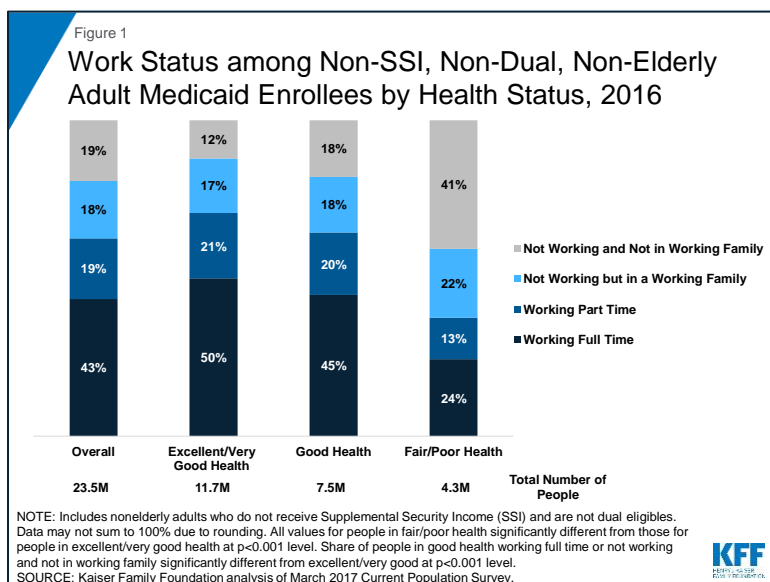
In January 2018, the Centers for Medicare and Medicaid Services (CMS) issued new guidance for state Medicaid waiver proposals that would impose work requirements in Medicaid as a condition of eligibility. As of June 2018, [four states](#) have approved waivers to implement Medicaid work requirements, [seven states](#) have waiver requests pending with CMS, and other states are considering or developing work requirement programs. These states are all imposing or seeking to impose work requirements on populations already covered (both expansion and non-expansion populations); however, Virginia passed legislation to adopt the Medicaid expansion that included a provision to submit a waiver to impose a work requirement on a new expansion population. This brief builds on previous analyses to provide data on Medicaid enrollees and some of the policy implications of work requirements. Key findings include:

- **Most Medicaid enrollees who can work are already working but could face barriers in complying with reporting requirements.** More than six in ten adult enrollees are working. Those in excellent/very good health are almost twice as likely to work as those in fair/poor health. Having higher education is also positively associated with whether someone works. However, since one in three Medicaid adults never use a computer or the internet and four in ten do not use email, many enrollees would face barriers in complying with work reporting requirements to maintain coverage.
- **Paid work can help provide family resources, but low-wage and part-time work may not be sufficient to overcome poverty.** Most working Medicaid enrollees are working full-time for the full year and are working in low-wage service jobs with limited benefits such as sick time or health coverage. Most Medicaid workers (78%) are paid hourly, and 36% of these hourly workers earn a wage at or below \$10/hour. Even when working, adults with Medicaid face high rates of financial insecurity. In non-expansion states with low eligibility levels for adults, working part time at minimum wage would lead to loss of Medicaid without access to coverage through the ACA marketplaces.
- **Many Medicaid enrollees who are not working could be exempt from work requirements but would still need to navigate an exemption process.** A quarter of non-working Medicaid adults without SSI have mobility or physical limitations such as difficulty going up or down stairs (24%), walking 100 yards (25%), sitting or standing for extended periods (27%), or stooping, kneeling or bending (24%). Many live with daily, activity-limiting pain. Among the “able bodied,” or those in good health or better, most say the reason they are not working is because they are taking care of home or family or are in school.

- **A small share (6%) of adult Medicaid enrollees are not already working and unlikely to meet an exemption and thus are the stated target of work requirements.** However, systems to track work reporting and to process exemptions would apply to much larger shares of enrollees, both workers and those seeking exemptions. States will be required by CMS to describe strategies to assist beneficiaries in meeting work requirements but may not use federal Medicaid funds for supportive services to help people overcome barriers to work.

Are most Medicaid enrollees working?

Most Medicaid enrollees who can work are already working. Overall, more than six in ten non-dual, non-SSI, nonelderly adults with Medicaid work (Figure 1). Adults in excellent/very good health are nearly twice as likely to be working as those in fair/poor health. Not surprisingly, Medicaid adults with higher education levels are more likely to work. Medicaid adults with a high school degree (58%), some college (64%), or a college degree (69%) were significantly more likely to be working than those who did not have a high school diploma (51%). Although “work readiness” encompasses a range of factors, including social/behavioral skills, technical skills, “soft skills,” and others,^{1,2} having a high school diploma is a basic requirement for many jobs.



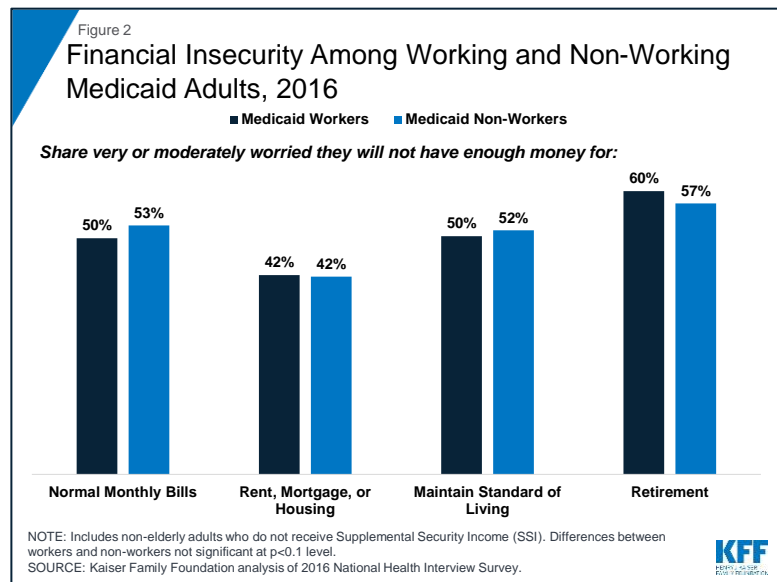
Does work help individuals to rise out of poverty?

Most Medicaid enrollees who work are working full-time for the full year, but their annual incomes are still low enough to qualify for Medicaid. Among adult Medicaid enrollees who work, the majority (51%) worked full-time (at least 35 hours per week) for the entire year (at least 50 weeks during the year).³ Most of those who work for only part of the year still work for the majority of the year (26 weeks or more). Some people may work full-time (35 hours a week or more) but have multiple jobs. One in ten non-SSI Medicaid workers have more than one job.⁴

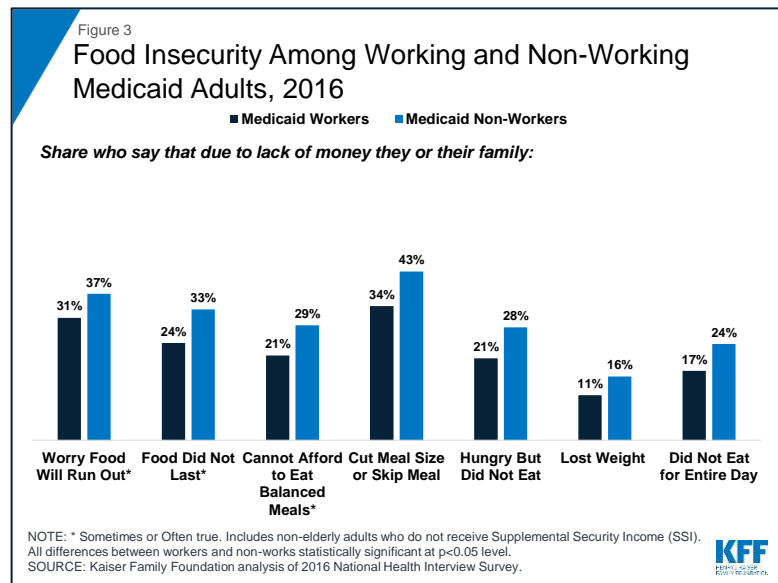
Among adult Medicaid enrollees who work part-time, many cite economic reasons such as inability to find full-time work (10%) or slack business conditions (11%) as the reason they work part-time versus full-time. Other major reasons for part-time work are attendance at school (15%) or other family obligations (14%).

By definition (that is, in order to meet Medicaid eligibility criteria), these individuals are working low-wage jobs. Many people working full-time are still eligible for Medicaid, especially in Medicaid expansion states, because they are working low-wage jobs. Most workers with Medicaid (78%) are paid hourly, and 36% of them earn an hourly wage at or below \$10/hour.⁵ An individual working full-time (40 hours/week) for the full year (52 weeks) at the [federal minimum wage](#) (\$7.25 per hour) would earn an annual salary of just over \$15,000 a year, or about 125% of poverty, below the 138% FPL maximum targeted by the ACA Medicaid expansion. However, in Kansas and Mississippi (both non-expansion states with low eligibility levels for parents, 38% FPL, and 27% FPL, respectively, with no coverage for childless adults), meeting Medicaid work requirements through 20 hours of paid work per week at minimum wage could lead to loss of Medicaid eligibility due to earnings but likely would leave them in a job without benefits such as health coverage (and with incomes still below the poverty level, the minimum for subsidies for coverage through ACA marketplaces).

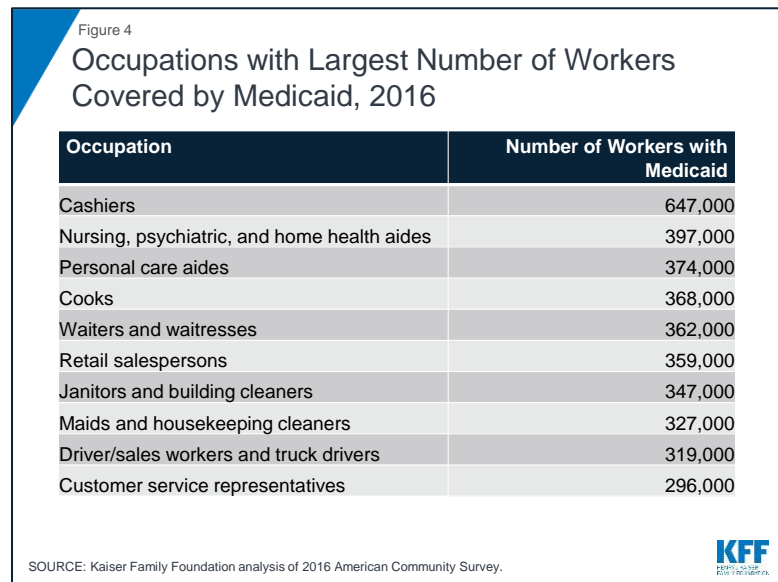
Even when working, adults with Medicaid face high rates of financial insecurity, as they are still living in or near poverty. Half report that they are very or moderately worried they will not have enough money to pay monthly bills, and more than four in ten say they are very or moderately worried about having enough money for housing (Figure 2), rates similar to non-working adults with Medicaid. While income gained from work can improve financial security, this pattern shows that low-income workers still face insecurity. Further, people who meet community engagement requirements through training or volunteer activities will not gain income to improve their financial security.



Food insecurity is notably high among both working and non-working adults with Medicaid. Nearly a third (31%) of working and 37% of non-working Medicaid adults say they sometimes or often worry that food will run out, and high shares also report that they've experienced problems such as food not lasting, having to cut meal size or skip meals, not eating due to lack of money, losing weight, or not eating for an entire day (Figure 3). Overall, about a quarter (24%) of non-SSI Medicaid adults meet the USDA definition of family food insecurity, meaning they have low or very low food security.⁶ While food assistance programs are available to low-income people, these programs do not reach everyone who faces food insecurity; among non-elderly, non-SSI Medicaid adults, only 36% live in a household that receives food assistance.⁷



Medicaid workers are working in service jobs with limited benefits such as sick time or health coverage. Medicaid workers are [working for small firms and in industries](#) with historically low rates of employer-based coverage, and within those industries, they are largely working in support jobs or jobs that can be physically demanding, such as nursing or personal care aide, cook or waiter/waitress, janitor or housekeeping. Other top occupations among Medicaid workers include: cashier, salesperson, drivers, or

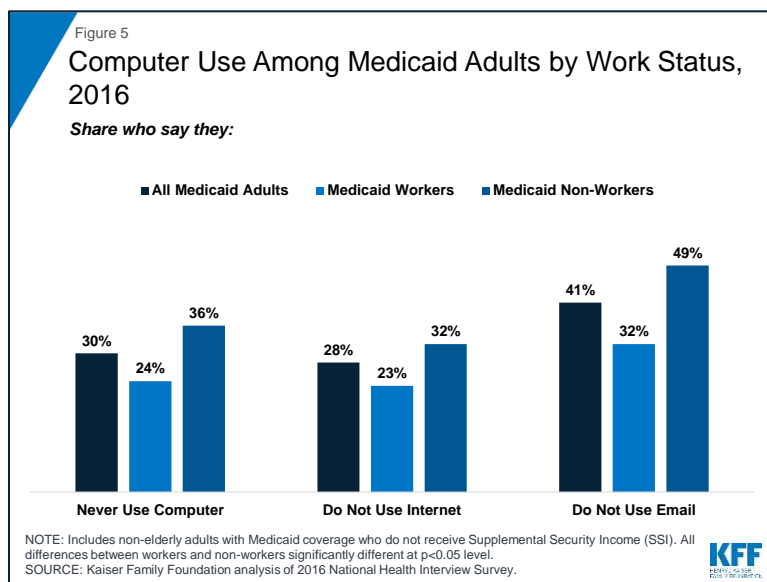


customer service representative (Figure 4). Only 7% of Medicaid workers are members of a union,⁸ which generally use collective bargaining to negotiate higher wages or benefits for members. Many Medicaid workers report limited fringe benefits: Only 30% of non-elderly Medicaid workers have paid sick time at their job,⁹ and only a third of Medicaid workers have an offer of ESI from their employer (which may not meet affordability requirements under the ACA).¹⁰ Medicaid workers have low rates of absenteeism: on average, Medicaid workers report missing just 4 days of work in the previous 12 months due to illness or injury.¹¹

What barriers could workers face in complying with work requirements?

Many Medicaid adults may face barriers in complying with the reporting requirements, which are necessary to maintain coverage under work requirement waivers.

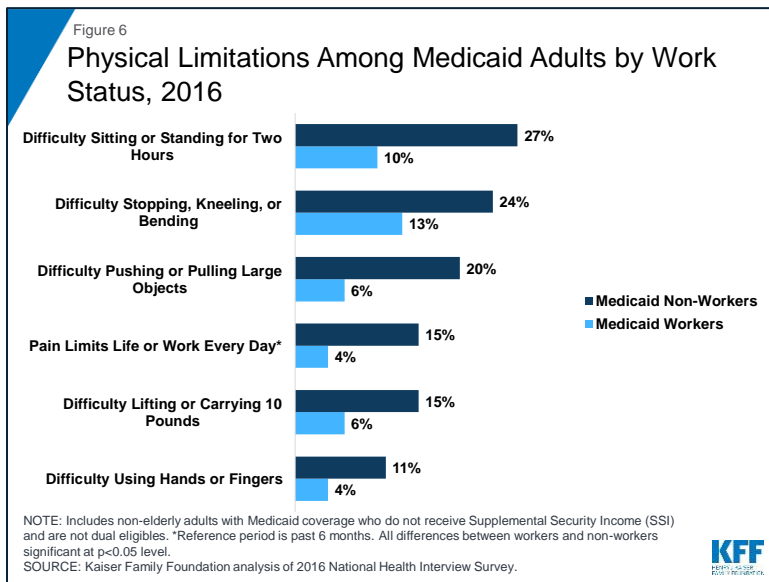
30% of Medicaid adults report that they never use a computer,¹² 28% do not use the internet,¹³ and 41% do not use email¹⁴ (Figure 5), which may pose a barrier to both gaining a job and complying with reporting requirements under state waivers. For example, Arkansas' waiver program requires beneficiaries to set up an on-line account and use this account as the sole means of periodic reporting related to work requirements and exemptions.



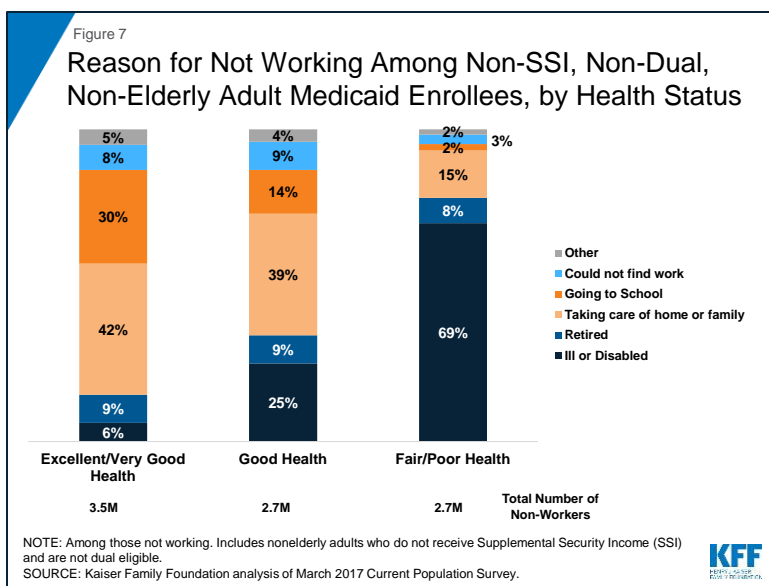
Who may be exempt from work requirements?

States with approved or pending Medicaid waivers would exempt individuals with disabilities or those who are medically frail, though waiver language does not specify how medical exemptions will be operationalized or implemented. Many Medicaid beneficiaries have work-limiting medical conditions but do not receive federal disability payments and therefore are not automatically exempt from work requirements. There are high rates of functional disability and serious medical conditions among non-SSI, non-dual eligible Medicaid adults, especially among those not working. More than a third (35%) of those not working live with multiple chronic medical conditions such as hypertension, high cholesterol, arthritis, or heart disease;¹⁵ a similar share (31%) have a disability but do not receive Supplemental Security Income (SSI);¹⁶ and nearly half (46%) have any functional limitation, including mobility, physical, or emotional limitations. Mobility restrictions can be severe and may limit employment options: among those not working, a quarter (25%) report difficulty walking 100 yards, 24% report difficulty walking up or down 12 steps, and 12% report the use of equipment or help to get around.¹⁷

Many people have physical problems that could limit the type of work they do, such as daily, activity-limiting pain, difficulty standing or sitting for two hours, difficulty stooping, bending, or kneeling, using hands or fingers, or carrying 10 pounds (Figure 6). Mental health problems can also be serious, with more than a quarter (26%) of non-working, non-SSI, non-dual, non-elderly Medicaid adults reporting anxiety or depression,¹⁸ and nearly one in five (17%) reporting difficulty going out or participating in social activities. While many work requirement waivers exempt people with disabilities or who are medically frail, it is not clear how states will implement these exemptions or [whether all people who qualify for an exemption will be able to navigate that process successfully.](#)



States also will have to administer exemptions for all or some enrollees who are in school or are care takers. Even among those unlikely to meet medically frailty exemptions (the so-called “able bodied”), many could be exempt for other reasons. Among those in good health or better, nearly two thirds (63%) of those not working say it is because they are in school (23%) or are a caretaker (40%) (Figure 7).

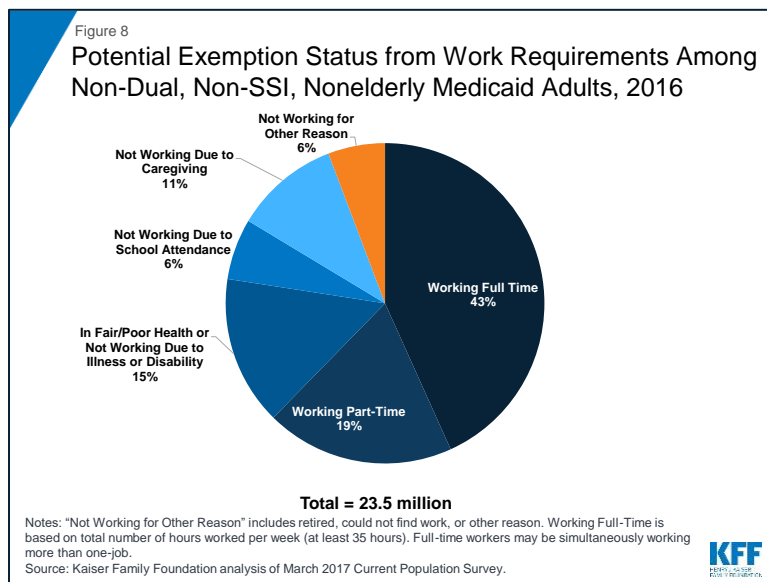


Additional exemptions may be granted for those living in areas that experience high rates of unemployment, areas with limited economies and/or educational opportunities, and areas that lack public transportation. While the waivers approved to date require states to assess these areas, no detail is provided about how these determinations will be made. Defining and applying new exemptions may result in even fewer individuals subject to a work requirement but another layer of administrative rules. However, how states implement additional exemptions could have disparate effects. Analysis of proposed legislation in Michigan to impose work requirements, but exempt individuals in counties with

unemployment exceeding 8.5 percent, showed that the policy would have racial biases and would disproportionately exempt whites in more rural areas compared to blacks in more urban areas.¹⁹

What share of adult Medicaid enrollees are not working and may not meet an exemption from the work requirements?

A small share of adults is not already working or unlikely to meet exemption criteria. The [structure of state waiver requests](#) frequently targets adults in good (or better) health and exempts individuals who are parents or students, leaving a small number of people potentially incentivized to move into work by the requirements. Just six percent of non-SSI, non-elderly Medicaid adults are not already working, are not potentially medically frail, and do not report not working for a reason likely to meet an exemption (Figure 8).²⁰ Some in this group report they are retired (2%), which is often related to ill health, and others in this group report that they are unable to find work (2%); just 1% are not working for another reason.



This target population is much smaller than the groups of enrollees who are already working but would need to comply with new reporting requirements and those who could be exempt and would have to navigate an exemption process. States will need to set up complex systems to handle the reporting and exemption processes which could divert resources away from administrative dollars that could assist individuals in finding work in voluntary programs. The CMS guidance is explicit that states will be required to describe strategies to assist beneficiaries in meeting work requirements but may not use federal Medicaid funds for supportive services to help people overcome barriers to work. It is unclear how states will come up with the additional funds needed to address successfully the multiple barriers (childcare, transportation, education, training, etc.) that interfere with the ability to work.

Conclusion

As of May 2018, four states ([Arkansas](#), [Indiana](#), [Kentucky](#), and [New Hampshire](#)) have approved waivers to implement a new work requirement in their Medicaid programs, [seven states](#) have waiver requests pending with CMS, and other states are considering or developing work requirement programs. While these states are all imposing or seeking to impose work requirements on populations already covered

(both expansion and non-expansion populations), Virginia passed legislation to newly adopt the Medicaid expansion but also submit a waiver to impose a work requirement on the expansion population.

Data suggest that the population not working and not eligible for an exemption from the work requirements could be narrow, but these requirements would have implications for a broader scope of Medicaid enrollees.

Work requirements could have implications for Medicaid enrollees who are working, as they still need affordable health insurance, may face challenges consistently obtaining enough hours, and will still be subject to new reporting or documentation requirements to maintain coverage. Even though most Medicaid enrollees who work are working full-time for the full year, most are working in service jobs with limited benefits such as sick time or health coverage, and even when working, adults with Medicaid face high rates of financial insecurity. Among those working part-time, many cannot find full time work or have other barriers to work. These data points show that even among those working full-time, work can be fragile, unpredictable, and may not help people rise out of poverty. Even a temporary illness or emergency situation for those working in hourly jobs could result in failure to meet new hourly work requirements. The subsequent loss of health coverage could exacerbate financial insecurity. Finally, workers will need to verify work status regularly, and many Medicaid adults may face barriers in complying with reporting requirements due to limited experience with or access to computers. Three in ten Medicaid adults say they never use a computer, but Arkansas is requiring use of on-line accounts to verify work status, and other states may rely on online reporting.

While exemptions may vary across state waivers, many individuals who are medically frail or in school could be exempt from new work requirements, but they will have to navigate a process to apply for, obtain, and periodically renew such exemptions. States will need to design and implement complex protocols, processes and systems to manage and track such exemptions. Health status is the strongest predictor of whether a Medicaid beneficiary works, and many Medicaid beneficiaries have work-limiting medical conditions that do not rise to the stringent level required to receive federal disability payments and therefore could be subject to work requirements. These limitations include mobility problems such as difficulty going up or down stairs or walking 100 yards as well as physical limitations such as difficulty sitting or standing for extended periods, difficulty stooping, kneeling or bending, or activity-limiting pain. Given the nature of low-wage jobs and jobs typically held by Medicaid enrollees who do work, physical limitations could present a barrier to employment. For example, working as a cashier, health aide, cook, waiter/waitress, maid or janitor—among the top occupations held by Medicaid enrollees—all require physical capacity in standing, walking, or being mobile. Medicaid beneficiaries in good health who are not working or parents but are in school could also be exempt but would also have to navigate the exemption process.

Many people not exempt due to health status may meet other exemptions, such as being a parent caregiver or attending school. Most of the “able bodied” adults targeted by work requirements (that is, those in good health or better) are already working, and many who are not working are caretakers or in school.

The data presented here reiterate [previous analyses](#) showing that most adults with Medicaid already work, and most of the non-working either face health or physical limitations to doing the jobs available or have other reasons for not working (such as school attendance or caretaking duties). Further, many Medicaid adults face education or training limitations, but states are unable to use Medicaid funds for work support services under new waiver guidance. People already working or exempt from new work requirement policies may not be the target of new policies, but they will still be subject to verifying work status or navigating an exemption process that could result in eligible individuals losing coverage at high administrative expense for states.

ENDNOTES

- ¹ Harold F. O'Neil, Jr., ed. *Work Readiness: Competencies and Assessment*. (New York: Psychology Press), 2014.
- ² Hope Clark, et al. *Work Readiness Standards and Benchmarks: The Key to Differentiating America's Workforce and Regaining Global Competitiveness*. (Iowa City, IA: ACT), 2013; available at: <http://www.act.org/content/dam/act/unsecured/documents/Work-Readiness-Standards-and-Benchmarks.pdf>
- ³ Full-time workers include people working 35 hours or more, those who worked 1-34 hours for noneconomic reasons (e.g., illness) and usually work full-time, and people "with a job but not at work" who usually work full-time. People working full time may work at more than one job.
- ⁴ Kaiser Family Foundation analysis of 2016 National Health Interview Survey (NHIS).
- ⁵ Kaiser Family Foundation analysis of Outgoing Rotation Group data in 2017 Current Population Survey (CPS).
- ⁶ Family food insecurity is based on a 10-item scale of questions addressing adult 30-day food security. See <https://www.fns.usda.gov/sites/default/files/FSGuide.pdf> for more information.
- ⁷ Kaiser Family Foundation analysis of 2017 CPS Annual Social and Economic Supplement (ASEC).
- ⁸ Kaiser Family Foundation analysis of Outgoing Rotation Group data in 2017 CPS
- ⁹ Kaiser Family Foundation analysis of 2016 NHIS.
- ¹⁰ Kaiser Family Foundation analysis of 2017 CPS ASEC.
- ¹¹ Kaiser Family Foundation analysis of 2016 NHIS.
- ¹² Question asks "How often do you use a computer?" and does not specify whether or not to include handheld devices such as smart phones.
- ¹³ Based on questions asking "Do you use the Internet" and "How often do you use the Internet". Questions do not specify whether or not to include internet use on handheld devices such as smart phones.
- ¹⁴ Based on questions asking "Do you send or receive emails" and "How often do you check this account". Questions do not specify whether or not to include email use on handheld devices such as smart phones.
- ¹⁵ Includes people who have at least two of the following chronic conditions: Hypertension, High Cholesterol, Coronary Heart Disease, Angina, Myocardial Infarction, Heart Condition, Stroke, Emphysema, COPD, Asthma, Cancer, Diabetes, Arthritis.
- ¹⁶ Individuals are classified as having a disability they report serious difficulty with hearing, vision, cognitive functioning (concentrating, remembering, or making decisions), mobility (walking or climbing stairs), self-care (dressing or bathing), or independent living (doing errands, such as visiting a doctor's office or shopping, alone). This definition of disability is intended to capture whether a person has a functional limitation that results in a participation limitation and is similar to measures used in other federal surveys, such as the American Community Survey.
- ¹⁷ Kaiser Family Foundation analysis of 2016 NHIS.
- ¹⁸ Based on respondents saying they feel depressed or anxious daily, weekly, or monthly.
- ¹⁹ Emily Badger and Margot Sanger-Katz, "Which Poor People Shouldn't Have to Work for Aid?", *New York Times*, May 15, 2018. <https://www.nytimes.com/2018/05/15/upshot/medicaid-poor-michigan-work-requirements.html>
- ²⁰ Defined as people who either report they are in fair/poor health or say a reason they are not working is due to illness or disability.