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Administration Invites States to Deny Medicaid to the Unemployed

Key Points:

- The Trump Administration has released a letter encouraging states to require Medicaid enrollees to work as a condition of receiving their benefits.
- A work requirement as a condition of Medicaid eligibility will harm vulnerable populations either by creating coverage gaps or eliminating health care coverage altogether, as enrollees have trouble proving they have met the requirement. Showing compliance with a work requirement will prove unduly burdensome for some, particularly those whose incomes and hours fluctuate frequently.
- While states may exempt some individuals from a work requirement, the history of states administering such policies in other public benefits programs shows that even exempt individuals, including those living with a disability, may be punished for not satisfying the requirement.
- While the Centers for Medicare and Medicaid Services (CMS) believes that Medicaid work requirements have a positive effect on the health outcomes, the evidence in support of this assertion is weak. CMS is weaponizing Medicaid in favor of the Trump Administration's ideological agenda, rather than making evidence-based policy.

The Centers for Medicare and Medicaid Services (CMS) has released new guidance to state Medicaid directors this week. The guidance lays out the Administration's support for state Medicaid programs to deny benefits to those that cannot prove they have employment or are participating in some form of "community engagement." The effect of this guidance is far-reaching. Ten states have already sought permission to enact work requirements in their Medicaid programs. Today, CMS allowed the first of these requests by approving Kentucky's work requirement. This guidance indicates that CMS is likely to approve the remainder of these pending requests. This will cause a domino effect as other states seek work requirements emboldened by the guidance and approval of other state requests.

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CMS invites states to submit proposals to tie Medicaid eligibility to work for non-elderly, non-pregnant adults that qualify for Medicaid on any basis other than disability. This includes some of the program's most vulnerable populations: parents, caretakers of dependent adults, migrant and seasonal workers, individuals living in economically disadvantaged areas, and those that may have a chronic illness that makes keeping a job impossible, even if the condition is not severe enough to be considered a disability by Medicaid.

CMS has justified this guidance by highlighting research showing that people who work generally have better health outcomes than those that cannot find employment. CMS states that “[A] broad range of social, economic, and behavioral factors can have a major impact on an individual's health and wellness, and a growing body of evidence suggests that targeting certain health determinants, including productive work and community engagement, may improve health outcomes.” CMS is alluding to the notion that factors not traditionally related to a diagnosis, including considerations such as adequate housing, nutrition, and financial support—known as the [social determinants of health](#)—have a large impact on an individual's overall health and wellbeing.

Addressing the social determinants of health is [vital](#) to improving both individual and public health. However, in this letter, CMS distorts the idea of social determinants of health. While the carefully-selected research cited by CMS purportedly shows engagement in the community through work to be correlated with better health outcomes, CMS has turned the causation implied by this research on its head. CMS essentially takes the position that *requiring* people to work as a condition of receiving medically necessary health care and treatment will improve overall health outcomes.

This is dangerously incorrect and backwards logic. Medicaid *already* supports work engagement and in fact a [majority](#) of those in Medicaid either work themselves or live in working families. Withholding medical care for those who cannot maintain employment will worsen health outcomes. Individuals barred from receiving medical treatment due to work requirements will face an impossible burden of trying to find employment while their health needs are not being met, pushing them deeper into poverty. Among non-disabled adults in Medicaid that do not work, [36%](#) cite an illness or disability as reasons for not working. These individuals stand to be disproportionately harmed by states that require them to work in order to receive health care through Medicaid. Perhaps most importantly, the evidence that CMS cites [does not support](#) the conclusion that work requirements improve health outcomes of Medicaid beneficiaries. Indeed, the [reverse has been conclusively shown to be true](#).

CMS notes that states will need to take steps to ensure that certain individuals are not subject to work requirements. CMS suggests that states put in place exemptions, such as for those determined to be [“medically frail”](#) and those with documented acute medical conditions. While such guardrails may sound appropriate, the history of states attempting to administer work requirements in other public benefit programs suggest a minefield ahead.

Even if some individuals, such as those living with a disability, are exempted, [experience](#) with work requirements in other public benefits programs suggests that exemptions are often incorrectly applied. This results in sanctions imposed on those who are not subject to the requirement and an overall decline in program enrollment. This is particularly concerning for those living with a chronic illness or disability, as these individuals rely on consistent, uninterrupted treatment to maintain their wellbeing.

Furthermore, the burden of proving compliance with work requirements will prove insurmountable even for some enrollees who meet the mandates. These administrative hurdles will penalize individuals whose income fluctuates frequently and who may have substantial difficulty meeting stringent evidence requirements on paper.

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CMS also notes that the new guidance seeks to promote greater self-reliance. However, especially in [states](#) that restrict Medicaid eligibility to those making less than half of the [federal poverty level](#) (FPL), imposing a work requirement presents an impossible catch-22. Even if such enrollees are able to find employment, the immediate penalty would be a disqualification from the program based on income. However, because the Affordable Care Act (ACA) does not provide [subsidies](#) for purchasing private insurance unless an individual's income is between 100-400% FPL, private insurance coverage will also be out of reach. Those making between 50-100% FPL (approximately \$6,000 - \$12,000 annually for an individual) would then be caught in a kind of health care limbo with an incredibly low income that disqualifies them from Medicaid, but is insufficient to qualify for help on the ACA Marketplace. Such irrational consequences—whether intended or not—prove the folly of the ideological agenda pursued by this CMS letter.

Stay Tuned

In the coming week, CHLPI will release an in-depth analysis of the legal arguments the Trump Administration is using to justify work requirements as a condition of Medicaid eligibility. This will include a discussion of how both advocates and consumers can raise their voices to fight back against this attack to the Medicaid program.

Editor's note: On this [Martin Luther King, Jr.](#) weekend, CHLPI recognizes that health justice is racial justice. Any attack on Medicaid is an attack on communities of color. Medicaid [covers](#) one in five adults of color and over half of children of color. Any erosion of Medicaid, including work requirements supported by the Trump Administration, disproportionately affects these communities and further contributes to the systemic racism and inequality faced on a daily basis. As Dr. King said, **"Of all the forms of inequality, injustice in health care is the most shocking and inhumane."**

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