Medicaid Work Requirements

What you need to know

Contrary to appearances, imposing so-called “work requirements” is a policy that does nothing to get people working. The policy is a political stunt to cut people off Medicaid.

4 key takeaways:
1. Thousands of people will lose healthcare.
2. Most people on Medicaid who can work already do work but would have to go through tiresome bureaucratic procedures to prove their employment or exemption.
3. Losing access to health care makes it much harder to find work or keep work.
4. The program will increase costs by tens of millions of dollars each year to cover fewer people.

What are work requirements?
The Tennessee Legislature passed legislation in April 2018 requiring that enrollees in TennCare (Tennessee’s Medicaid program) work to receive health insurance. The law stipulates enrollees complete at least 20 hours per week of work, school, or “community engagement” to be eligible. If this requirement isn’t met, enrollees lose TennCare. Governor Haslam signed the bill into law.

Who does it affect?
Any non-exempt TennCare recipient without children under 6 will be required to work. Adults with children older than 6 will not be exempt. Most TennCare enrollees already work or live with a family member who works. However, all adult enrollees would have to report their employment status to TennCare, which would involve sending official documentation proving the requirement is met or an exemption is met.

Who would be exempt?
The law isn’t clear. For example, parents of disabled children may or may not be, depending on how the law is implemented. However, it’s expected that about 85% of TennCare enrollees who don’t work, including the elderly and disabled, would likely be exempt, leaving about 15%, or 37,000, needing work to keep coverage. Of this group, many would not be able to meet the 20 hours per week requirement, meaning thousands of Tennesseans will lose healthcare. Even more who do work will lose coverage due to bureaucratic delay or errors.

Quick Facts

At least 18,500 Tennesseans will lose health care over 5 years.

$44 million is the estimated per year cost of verifying employment for Tennessee’s 1.5 million TennCare enrollees.

77% of Tennesseans on TennCare already live in a working family. 57% work themselves.

85% of the non-disabled, non-elderly adult Tennesseans on TennCare who don’t work, cannot work because they are ill, going to school, or taking care of a family member. They would likely be exempt, but the law is unclear.

15% of Tennesseans on TennCare who don’t work are NOT exempt. This means roughly 37,000 non-exempt enrollees would need to obtain employment or lose coverage.

Sources: Census data, TennCare Enrollment data, The Sycamore Institute,
How does the law work?
To verify the employment of Medicaid recipients would require a new bureaucracy or expansion of existing TennCare bureaucracy. This is expected to cost at least $44 million per year, starting in Fiscal Year 2020-2021. The TN legislature plans to use funds from TANF, or Temporary Assistance for Needy Families, to pay for the requirements.

What’s at stake?
- **Health care**: For thousands of Tennesseans, the work requirement will lead to losing TennCare. Additionally, people with irregular work schedules may be fully employed, but lose TennCare due to the week-by-week basis of the requirement.\(^1\) Due to the added bureaucracy needed to monitor recipients’ work status, many will lose healthcare due to delays, errors and difficulty getting necessary documents.
- **Employment**: Medicaid allows people to be healthy enough to work or search for employment. Research indicates that a lack of healthcare makes it harder to find work. The work requirements policy contains no provisions to help people with job searching, job training or child care.
- **Lives**: Losing access to healthcare means losing vital medicines, therapies, and preventative care. Not having healthcare increases an individual’s risk of death by 40%.\(^2\)
- **Millions of dollars**: Funds taken from Temporary Assistance for Needy Families (TANF) would weaken the program, as well as cost the state millions in taxpayer money.
- **Making Medicaid more complicated and bureaucratic**: TennCare enrollees already must navigate a labyrinth of acronyms, agencies, eligibility procedures, and paperwork. This bill makes their lives harder without offering any benefit to Tennesseans or the budget.
- **Threatening the purpose of Medicaid**: Medicaid functions as a vital safety net for low income, vulnerable populations. Making TennCare more difficult to access undermines this purpose and hurts families in need.

---

\(^1\) Center on Budget and Policy Priorities, “Many Working People Could Lose Health Coverage Due to Medicaid Work Requirements.”