



# The Hilltop Institute

## Medicaid Expansion and Work Requirements

March 2024

As part of the Affordable Care Act, states have had the option to expand their Medicaid programs since 2014 by increasing the income eligibility limit to 138% of the federal poverty level. As of March 2024, 40 states and the District of Columbia have expanded their programs. Mississippi is actively considering expanding its Medicaid program and including a work requirement. This informational brief is intended to capture key facts regarding Medicaid work requirements as they apply to a potential Medicaid expansion in Mississippi.

### Suppose Medicaid expands. How many newly enrolled Mississippians would be subject to work requirements?

While approximately 215,000 individuals would become newly enrolled in Mississippi’s Medicaid program under a traditional expansion, many are **employed**; of those not employed, many would likely receive an **exemption** due to personal circumstances. Exemptions are common. As of February 2019 in the Arkansas Works program, approximately 45% of all enrollees met the employment requirement, and of the remaining unemployed enrollees, 78% received exemptions due to personal circumstances (e.g., dependent child at home, medically frail, or caring for an incapacitated person).<sup>1</sup> Other research has indicated that more than two-thirds of “non-working Medicaid recipients would likely be exempt from work requirements.”<sup>2</sup> **We assume a strict exemption standard** and assume that 60% of non-working enrollees would receive an exemption due to personal circumstances.<sup>3</sup>

Using Hilltop’s model of the economic effects of Mississippi’s Medicaid expansion, we estimated the number of projected new expansion enrollees who would be employed, exempt from work requirements due to personal circumstances, or not employed and not exempt. See Table 1 for additional details.

**Table 1. Estimate of New Medicaid Expansion Enrollees by Work Requirement Status<sup>4</sup>**

Row	Group	2023	2024	2025	2026	2027	2028
1	Initial projection of Total Enrollment	192,065	205,085	217,969	216,879	215,795	214,716
2	Employed	87,567	93,983	100,332	99,830	99,331	98,834
3	Exemption due to personal circumstances	56,556	60,549	64,501	64,178	63,857	63,538
4	Not employed and not exempt	37,704	40,366	43,000	42,785	42,571	42,359

<sup>1</sup> Arkansas Department of Human Services. (2019, February). *Arkansas Works report*.

[https://web.archive.org/web/20200119121707/https://humanservices.arkansas.gov/images/uploads/190315\\_February\\_AWRReport.pdf](https://web.archive.org/web/20200119121707/https://humanservices.arkansas.gov/images/uploads/190315_February_AWRReport.pdf)

<sup>2</sup> Greene, J. (2019). Medicaid work requirements: Who will the new state policies impact? *Journal of General Internal Medicine*, 34(4), 532-534.

<sup>3</sup> The precise fraction will depend on the nature of the exemptions.

<sup>4</sup> Rows 2, 3, and 4 only include expansion group enrollees because we assume that work requirements will only apply to this population and not traditional Medicaid enrollees.

We estimate that, of the population of new enrollees that Hilltop initially projected, roughly 88,000–100,000 will be employed; 56,500–64,500 will receive exemptions due to personal circumstances; and the remaining 38,000–43,000 will be both unemployed and not receive an exemption—and thus have **no path to eligibility**.

These estimates accord with the experiences of other states. For example, in New Hampshire, exemptions were granted for 33% of the total “Granite Advantage Health Care Program” as of July 2019.<sup>5</sup> The Hilltop model estimates that 29–30% of new enrollees would receive exemptions.

### How would work requirements affect the Mississippi Medicaid expansion?

The experience of other states that have implemented work requirements indicates that **work requirements would lead to significant coverage losses**. In Arkansas in December 2018, for example, 60,680 enrollees aged 30–49 were potentially subject to work requirements; of these, roughly 18,000 lost coverage.<sup>6,7</sup>

Prior research on the introduction of work requirements in Arkansas did not find that it led to employment gains among individuals who were subject to the work requirements.<sup>8</sup> Thus, it is possible that all of the “not employed and not exempt” group in Table 1 would never be eligible for coverage in Mississippi.<sup>9</sup> This would translate to a reduction in estimated enrollment of 38,000–43,000 individuals, or **20% of the initial projections of the new enrollee population**.

Additionally, research has indicated that work requirements in Arkansas introduce substantial confusion among enrollees, with many enrollees demonstrating a “profound lack of awareness” of the requirements.<sup>10</sup> It is important to note that **if working individuals do not realize that they must report their work status, working enrollees may also lose coverage**. This may be significant: again, in Arkansas, “lack of awareness and confusion about the reporting requirements were common, which may explain why thousands of persons lost coverage even though more than 95% of the target population appeared to meet the requirements or qualify for an exemption.”<sup>8</sup> Similar confusion occurred in Michigan, which briefly introduced a work requirement in 2020: 80,000 Medicaid enrollees had failed to file documents on their work status by the required deadline.<sup>11</sup> Thus, it is possible that the work requirements in Mississippi’s Medicaid expansion would not only result in 20% fewer individuals covered due to the “not employed and not exempt” group

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<sup>5</sup> New Hampshire Department of Health and Human Services. (2019). *DHHS community engagement report: June 2019*. <https://web.archive.org/web/20200404062515/https://www.dhhs.nh.gov/medicaid/granite/documents/ga-ce-report-062019.pdf>

<sup>6</sup> Arkansas Department of Human Services. (2018, December). *Arkansas Works report*. [https://web.archive.org/web/20200327080236/https://humanservices.arkansas.gov/images/uploads/011519\\_AWReport.pdf](https://web.archive.org/web/20200327080236/https://humanservices.arkansas.gov/images/uploads/011519_AWReport.pdf)

<sup>7</sup> Sommers, B. D., & Allen, H. L. (2020). Medicaid work requirements shift to new terrain. *JAMA*, 323(15), 1433-1434.

<sup>8</sup> Sommers, B. D., Goldman, A. L., Blendon, R. J., Orav, E. J., & Epstein, A. M. (2019). Medicaid work requirements—Results from the first year in Arkansas. *New England Journal of Medicine*, 381(11), 1073-1082.

<sup>9</sup> Brantley, E., & Ku, L. (2018). Work requirements: SNAP data show Medicaid losses could be much faster and deeper than projected. *Health Affairs Forefront*. <https://www.healthaffairs.org/content/forefront/work-requirements-snap-data-show-medicare-losses-could-much-faster-and-deeper-than>

<sup>10</sup> Greene, J. (2018). Medicaid recipients’ early experience with the Arkansas Medicaid work requirement. *Health Affairs Forefront*. <https://www.healthaffairs.org/content/forefront/medicaid-recipients-early-experience-arkansas-medicare-work-requirement>

<sup>11</sup> Erb, R. (2020). Gretchen Whitmer asks to stop Michigan Medicaid work rules; 80,000 at risk. *Michigan Health Watch*. <https://www.bridgemi.com/michigan-health-watch/gretchen-whitmer-asks-stop-michigan-medicare-work-rules-80000-risk>

having no path to coverage, but **would also lead to additional losses among employed individuals due to administrative confusion.**

Finally, to the extent that enrollment gains are muted due to work requirements, certain economic benefits of expansion will also be muted. In particular, Hilltop anticipates that direct tax revenue, indirect tax revenue, and reductions in uncompensated care for state- and locally owned hospitals would fall, all of which are estimated to significantly offset the state’s cost of expansion.<sup>12</sup> Additionally, fewer federal funds would flow into the state, and the number of jobs created would fall.

### How much would work requirements cost?

Operationalizing work requirements is very complex. Successful implementation requires systems to be put in place to determine and track enrollee work status; provide customer service for individuals who need assistance with registering their work status; determination of a lock-out period should the enrollee be determined to be out of work; development of an onramp to reopen eligibility lockout; development and definition and tracking of exemptions (for example, medical fragility, able-bodied status, or dependent care); and integration with existing IT systems. In addition, it would be necessary for Mississippi to educate beneficiaries on this policy and train relevant staff.

The costs to Mississippi from these system updates will depend on the extent to which Mississippi’s current eligibility and enrollee tracking systems can accommodate these new functions. This is not publicly known. However, **other states have experienced significant costs associated with implementing work requirements.** A 2019 GAO report assessing the experience in five selected states found that the administrative costs of implementing Medicaid work requirements was high, ranging from \$6.1 million in New Hampshire to \$271.6 million in Kentucky.<sup>13</sup> For additional detail, see Table 2, below.

**Table 2. Estimate of New Medicaid Enrollees Unemployed or Not In Labor Force**

State	# of Beneficiaries Subject to Requirements	Estimated Total Cost (millions)	Estimated Federal Share (%)
Kentucky	620,000	\$271.6	87%
Wisconsin	150,000	\$69.4	55%
Indiana	420,000	\$35.1	86%
Arkansas	115,000	\$26.1	83%
New Hampshire	50,000	\$6.1	79%

While the federal government bore the majority of costs, the estimates in Table 2 do not include all relevant costs. For example, in Arkansas, private option plans were instructed to “include the costs of administering work requirements in the premiums.” However, it’s important to note that neither state officials nor plan

<sup>12</sup> Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January 11). *The economic impact of Medicaid expansion in Mississippi, 2023–2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC. <https://www.hilltopinstitute.org/wp-content/uploads/publications/EconomicImpactMedicaidExpansionMississippi-SummaryReport-Jan2022.pdf>

<sup>13</sup> GAO. (2019). *Medicaid demonstrations: Actions needed to address weaknesses in oversight of costs to administer work requirements*. <https://www.gao.gov/assets/gao-20-149.pdf>

representatives could “provide the amount that the state’s premium assistance costs increased as a result.” Thus, **the \$26.1 million for Arkansas is likely to be an underestimate.**

### Experience from Georgia

On July 1, 2023, Georgia enacted a §1115 partial Medicaid expansion to low-income adults with work requirements known as “Georgia Pathways to Coverage.” This covers individuals up to 100% of the federal poverty level. In addition to a work requirement, this also includes premiums. This is the only state with current Medicaid work requirements; CMS has rescinded all previously approved work requirements.<sup>14</sup>

- **Uptake is very low.** While Georgia estimates that its Pathways model would enroll over 64,000 individuals, as of December 15, 2023, only **2,344** individuals are actively enrolled.<sup>15,16</sup>
- **Georgia does not receive the 90% federal match for additional enrollees.** Since CMS does not consider this an ACA Medicaid expansion, Georgia receives its current FMAP (65.9%) for additional enrollees.<sup>16</sup>

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<sup>14</sup> KFF. (2024, March). *Medicaid waiver tracker: Approved and pending section 1115 waivers by state.*

<https://www.kff.org/report-section/section-1115-waiver-tracker-work-requirements/>

<sup>15</sup> Georgia Department of Community Health. (2023, December 15). *Pathways monitoring report.*

<https://dch.georgia.gov/pathways-reports>

<sup>16</sup> Gordon, S. H., Cole, M. B., & Huberfeld, N. (2023). Georgia Pathways—Partial Medicaid expansion with work requirements and premiums. *JAMA.*