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Congress Could Boost Economy by Allowing Medicaid Work Requirements Without Bureaucratic Intervention

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KEY FINDINGS



MEDICAID ENROLLMENT HAS SKYROCKETED FROM 57 MILLION TO 99 MILLION IN LESS THAN A DECADE.



AN ESTIMATED 40 MILLION ABLE-BODIED ADULTS ARE ENROLLED IN MEDICAID.



MEDICAID WORK REQUIREMENTS PROMOTE EMPLOYMENT, WHICH ALLOWS ABLE-BODIED ADULTS TO MOVE FROM WELFARE TO SELF-SUFFICIENCY.



THIRTEEN STATES EITHER HAD THEIR WORK REQUIREMENT WAIVER REVOKED OR WITHDRAWN AND NINE STATES WITH PENDING WAIVERS NEVER RECEIVED APPROVAL.



CONGRESS SHOULD PASS LEGISLATION TO ALLOW THE IMPLEMENTATION OF WORK REQUIREMENTS WITHOUT REQUIRING ADMINISTRATIVE APPROVAL.

THE BOTTOM LINE:

CONGRESS SHOULD PASS LEGISLATION THAT EMPOWERS STATES TO ENACT WORK REQUIREMENTS FOR MEDICAID RECIPIENTS WITHOUT UNNECESSARY INVOLVEMENT FROM WASHINGTON, D.C., BUREAUCRATS.

Overview

Medicaid enrollment has risen consistently over the last decade because of both Medicaid expansion under ObamaCare and congressional handcuffs put in place in response to the pandemic.¹ This enrollment surge strains state budgets, takes program funds from the truly needy, and leaves taxpayers footing a large bill.

To help restore program integrity, states sought to implement work requirements for able-bodied adults on Medicaid.² President Trump approved many Section 1115 Waivers, which allowed states to move forward with implementing work requirements.³ Work requirements in welfare programs are a proven way to help protect program integrity, increase incomes, and reduce government dependency.⁴⁻⁶



TO HELP RESTORE PROGRAM INTEGRITY, STATES SOUGHT TO IMPLEMENT WORK REQUIREMENTS FOR ABLE-BODIED ADULTS ON MEDICAID.

But when President Biden took office, he immediately reversed this promising trend. He ordered his agencies to review all waivers “that may reduce coverage under or otherwise undermine Medicaid...”⁷ Soon after, the approved work requirement waivers were revoked, and the pending waivers were left unapproved.⁸ These actions damage both state budgets and the people who would have found work to be eligible for Medicaid.

Commonsense policies like Medicaid work requirements should not depend on action from the president or bureaucrats in Washington, D.C. Programs need consistency and should not be forced to change with every new administration.



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Congress should remove the requirement that states receive a waiver from the Centers for Medicare & Medicaid Services (CMS) to implement work requirements for able-bodied adults.

Lawmakers should allow states to be the laboratories of democracy that they were meant to be and watch successful initiatives spread across the country.

Medicaid enrollment has skyrocketed with ObamaCare expansion and congressional handcuffs that kept ineligible individuals enrolled

Medicaid enrollment has reached an all-time high, with an estimated 99 million individuals now enrolled in the program.⁹ On its current trend, enrollment could reach 100 million by mid-March.¹⁰⁻¹¹

The surge in enrollment is due in part to Medicaid expansion under ObamaCare.¹² Before this expansion, there were 60 million individuals enrolled in the program.¹³ But the last three years have seen a drastic increase in enrollment thanks to the pandemic and congressional handcuffs that prevented states from removing ineligible enrollees.¹⁴ With enrollees now pushing triple digits, Medicaid rolls have swollen by more than two-thirds in less than a decade.¹⁵⁻¹⁶

Many of these new enrollees are able-bodied adults—not one of the populations Medicaid was initially designed to help. Of the nearly 100 million Medicaid enrollees, an estimated 40 million are able-bodied adults.¹⁷ These individuals are sitting on the sidelines, missing out on the opportunity to learn new skills and participate in the economy. Work could be life changing: Finding and keeping a job can break the cycle of dependency and put people on the path to financial stability.¹⁸



This all comes at a time when there is a disconnect in the workforce. Labor force participation sits at a paltry 62.4 percent.¹⁹ But the dismal labor force participation rate is not because there are no jobs to be found. There were a reported 11 million job openings across the country at the end of December 2022.²⁰

With skyrocketing enrollment and a worker shortage crisis, states are faced with two challenging issues. How can they reduce Medicaid enrollment to help ensure that funds are available for the truly needy and other state priorities? And how can they increase the workforce to help put people on the path to success and ensure small businesses are able to hire the workers they need? It turns out that states have a solution that could help solve both problems.

States have had their efforts to implement work requirements stymied by the Biden administration

States across the country, from Arizona to Maine and Wisconsin to Georgia, turned to work requirements for able-bodied adults to restore program integrity and start their citizens on the path to self-sufficiency.²¹⁻²⁴ Under the Trump administration, CMS approved 13 waivers to implement work requirements, while nine others were pending.²⁵ But states paused implementation of the new requirements during the pandemic and President Biden eliminated them altogether upon taking office.²⁶

These work requirements are common sense. They help encourage work, protect program integrity, and ensure funds are available for the truly needy. Unfortunately, this endeavor, which could have lifted millions out of dependency, was never allowed to be put into practice.



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One of President Biden's first actions was to announce a review of all Medicaid waivers and policies that may reduce enrollment.²⁷ While most may see someone moving away from government dependency and towards self-dependency as a positive, not so for the current administration. Unsurprisingly, CMS revoked all existing waivers and refused to act on those pending.²⁸

There are a few silver linings. In 2022, Georgia challenged the Biden administration's attempt to rescind its approved waiver.²⁹ A federal district court sided with the state, blocking the rescission, and the administration did not appeal the ruling.³⁰⁻³¹ The Supreme Court also reversed activist rulings from lower courts on whether these 1115 waivers furthered the objectives of the program, though the court did not reach the merits because actions by the Biden administration rendered the case moot.³²

Congress should ensure that states that want to implement work requirements for able-bodied Medicaid enrollees can do so without permission from Washington, D.C.

The way that states run their Medicaid programs cannot shift every four or eight years depending on who resides in the White House. This approach makes it difficult for states to set long-term budget plans for one of their largest items.³³ It also fails to provide clarity for enrollees and the state workers implementing the program.

Congress should provide needed stability. It should pass legislation allowing states to implement work requirements for able-bodied adults in the Medicaid program without requiring a Section 1115 Waiver approved by CMS.



CONGRESS SHOULD PASS LEGISLATION ALLOWING STATES TO IMPLEMENT WORK REQUIREMENTS FOR ABLE-BODIED ADULTS IN THE MEDICAID PROGRAM.

Congress could allow states to implement work requirements through a simple state plan amendment. This method has many advantages. For one, CMS must act on the request within 90 days or the proposal automatically goes into effect.³⁴ CMS may delay this time period by requesting additional information but it can only stop the clock once per state plan amendment.³⁵ Unlike most waivers, state plan amendments do not need to go through renewals, because they are permanent.³⁶ Finally, there are generally no federal public notice requirements for state plan amendments.³⁷

If Congress wanted to go further, it could not require federal approval of state-imposed work requirements. This would put implementation of the program more in the hands of the states. Each state could do what is best for its citizens, and states could borrow from successful ideas implemented elsewhere. The main concern for the federal government should be that states do not run up excessive program costs. Any work requirements for able-bodied adults would reduce costs for states and the federal government—a win for all involved.



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THE BOTTOM LINE: Congress should pass legislation that empowers states to enact work requirements for Medicaid recipients without unnecessary involvement from Washington, D.C., bureaucrats.

Medicaid enrollment has grown dramatically in the past decade, far outpacing the rise in population. In response, states adopted commonsense work requirements to protect program integrity and ensure funds remain available for the truly needy.

President Trump’s CMS wisely approved waiver requests from the states. These programs would have built on examples of other states’ work requirements that have proven effective at lifting families out of dependency and into self-sufficiency.³⁸⁻⁴⁰ But a change in administration led to the revocation of the waivers and left pending waivers unapproved. The promised benefits that work requirements could have brought both states and able-bodied adults were not realized.

This is no way to run government programs—it is unfair to both states and enrollees. Medicaid programs should not change with the changing of each presidential administration. Congress should address this by no longer requiring a Section 1115 Waiver to implement work requirements for able-bodied adults in the Medicaid program.

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