

LEGISLATIVE APPROVAL

**FOR WORK REQUIREMENT
WAIVERS CAN END
GIMMICKS AND LOOPHOLES
USED BY BUREAUCRATS**



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OCTOBER 16, 2025

TheFGA.org/research/LegislativeApprovalforWorkRequirementsCanEndGimmicks

Key Findings



1

MOST ABLE-BODIED ADULTS ON MEDICAID
DO NOT WORK AT ALL.

2

**PRESIDENT TRUMP AND CONGRESS SUPPORTED
WORK OVER WELFARE** BY ADDING MODEST WORK
REQUIREMENTS TO THE MEDICAID PROGRAM IN THE ONE,
BIG, BEAUTIFUL BILL.

3

STATES HAVE A LONG HISTORY OF USING GIMMICKS
AND LOOPHOLES TO WAIVE WORK REQUIREMENTS FOR
ABLE-BODIED ADULTS ON FOOD STAMPS, **LEAVING
ONLY ROUGHLY ONE IN FOUR ABLE-BODIED ADULTS
SUBJECT TO WORK REQUIREMENTS.**

4

TO PROMOTE WORK FOR ABLE-BODIED ADULTS AND SAVE
WELFARE FOR THE TRULY NEEDY, **STATES SHOULD LIMIT
WORK REQUIREMENT WAIVERS BY REQUIRING
LEGISLATIVE APPROVAL.**

THE BOTTOM LINE:

Work requirements are coming to Medicaid. To prevent the gimmicks and loopholes seen in the food stamp program, states should prohibit bureaucrats from waiving work requirements without legislative approval.

Overview

Medicaid enrollment and spending have skyrocketed this century.¹ The biggest driver of this growth is the increase in able-bodied adults on the program, which is crowding out resources for the truly needy.² Despite most new jobs requiring little experience, education, or on-the-job training, most able-bodied adults on Medicaid do not work at all.³

Fortunately, President Trump and Congress took bold action by adding work requirements to Medicaid.⁴ This will help move able-bodied adults from welfare to work, while preserving resources for the truly needy.

Work requirements have existed in the food stamp program for decades, **but states have a history of using gimmicks and loopholes to waive work requirements for as many able-bodied adults as possible.**⁵ To prevent this from happening in the Medicaid program and end the abuse of food stamp waivers, states should prohibit bureaucrats from waiving work requirements without legislative approval.

Congress and President Trump are promoting work over welfare

In 2000, the Medicaid program had just 35 million enrollees at a cost of \$206 billion to taxpayers.⁶ By 2023, more than 100 million Americans were enrolled in Medicaid, costing taxpayers \$919 billion.⁷⁻⁸

MEDICAID COSTS HAVE SOARED

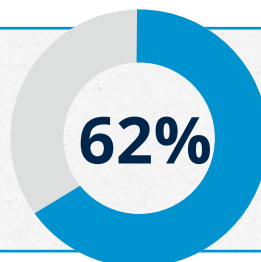


Source: U.S. Department of Health and Human Services

Much of this growth can be attributed to the large number of able-bodied adults who were allowed to enroll in Medicaid after ObamaCare expansion.⁹ The number of able-bodied adults enrolled in Medicaid has grown from roughly seven million in 2000, to an astonishing 34 million in 2024.¹⁰ Shockingly, for a program designed for the truly needy, taxpayers now pay more for able-bodied adults on Medicaid than they do for individuals with disabilities, seniors, or children.¹¹ Without work requirements in place, 62 percent of these able-bodied adults do not work at all, and this number has been consistent over time.¹²⁻¹³

MOST ABLE-BODIED ADULTS DO NOT WORK AT ALL.

Source: State Medicaid agencies



Thankfully, Congress and President Trump passed the One, Big, Beautiful Bill, which added work requirements to the Medicaid program.¹⁴ The law covers most able-bodied adults aged 19 to 64 who are not pregnant.¹⁵ But there are exceptions, including for caregivers of a child 13 or younger, caregivers of an individual with a disability, and individuals participating in a drug or alcohol treatment program.¹⁶

These work requirements are manageable but meaningful. They require 80 hours per month of work, community service, a work program, or enrollment in an educational program at least half time.¹⁷ Individuals can also meet the work requirement by spending 80 hours a month on any combination of these activities.¹⁸

In addition, individuals can satisfy the work requirement by achieving a monthly income of at least the minimum wage multiplied by 80 hours.¹⁹ At some states' minimum wages, individuals would meet this requirement in as few as eight hours.²⁰ Even at an average entry-level wage, individuals would meet this requirement with anywhere from six to 13 hours of work a week on average, depending on the state.²¹

Work requirements work

When implemented at the state level in both food stamps and Medicaid, work requirements have been successful at moving able-bodied adults from welfare to work, ultimately leaving individuals better off. Food stamp work requirements have led to able-bodied adults leaving welfare for work in more than 1,000 different industries, with their incomes doubling within a year and tripling within two years.²²⁻²³⁻²⁴⁻²⁵⁻²⁶⁻²⁷ The Medicaid program has also seen success with state-level work requirements. In Arkansas, nearly 18,000 able-bodied adults raised their incomes enough to move out of Medicaid eligibility.²⁸ When Tennessee removed 170,000 able-bodied adults from Medicaid, there was an immediate increase in employment and labor force participation, as well as private health insurance coverage.²⁹



Food stamp work requirements have led to able-bodied adults leaving welfare for work in more than 1,000 different industries, **with their incomes doubling within a year and tripling within two years.**



When work requirements are in place, able-bodied adults have transitioned from welfare to work, putting many on the path to independence and self-sufficiency. But Medicaid work requirements also come with potential waiver requests from states. Evidence from the food stamp program shows states tend to abuse these waivers, weakening the positive effects of work requirements.³⁰

Work requirement waiver abuse in food stamps

There are two sets of work requirements in food stamps, with those focused on able-bodied adults without dependents (ABAWDs) introduced in 1996.³¹⁻³² But for decades, states have abused loopholes and gimmicks to game the system and waive work requirements for able-bodied adults in as many jurisdictions as possible.³³

Congress provided the U.S. Department of Agriculture (USDA) with limited discretion to waive work requirements in areas that lacked suitable job opportunities for able-bodied adults and had unemployment rates above 10 percent.³⁴ However, the Clinton administration's USDA issued rules that created loopholes allowing states to waive work requirements for millions—even during periods of significant economic growth.³⁵

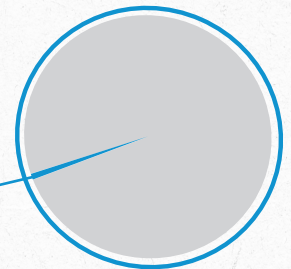
This allowed states to manipulate old data, gerrymander distinct areas of the state together to waive the largest number of able-bodied adults possible and waive areas with low unemployment by lumping them in with those with comparatively higher unemployment rates.³⁶

In 2024, of the more than 835 counties in which food stamp work requirements for ABAWDs were either fully or partially waived, only seven counties had unemployment rates above the statutory threshold.³⁷ More than two-thirds of the counties had unemployment rates below what the Department of Labor has classified as full employment.³⁸ This has left relatively few ABAWDs subject to the work requirements that Congress mandated.

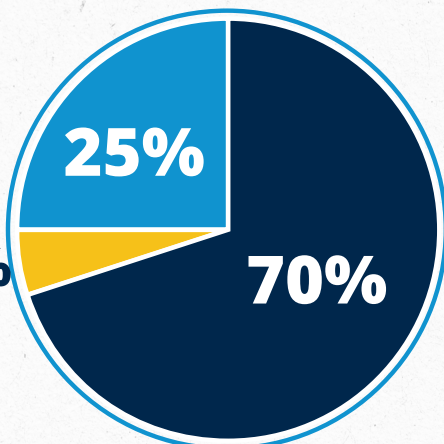
Most able-bodied adults on food stamps are exempt from work requirements, even though unemployment is low and there are millions of job openings across the country.³⁹ The waiver abuse in food stamps has negated the spirit behind work requirements, with 70 percent of able-bodied adults without young children not working at all, and only five percent working full time.⁴⁰

FEW COUNTIES GRANTED WORK REQUIREMENT WAIVERS HAD UNEMPLOYMENT RATES ABOVE THE STATUTORY THRESHOLD

In 2024, of the more than 835 counties in which food stamp work requirements for ABAWDs were either fully or partially waived, **ONLY SEVEN COUNTIES** had unemployment rates above the statutory threshold.



Sources: U.S. Department of Labor and U.S. Department of Agriculture



MOST ABLE-BODIED ADULTS WITHOUT YOUNG CHILDREN ON THE FOOD STAMP PROGRAM DON'T WORK AT ALL

Work status among able-bodied adults between the ages of 18 and 64 with no children under the age of seven

- NOT WORKING
- WORKING PART TIME
- WORKING FULL TIME

Source: U.S. Department of Agriculture

States should work to ensure that the same fate does not await Medicaid work requirements while helping to end the abuse of loopholes in food stamp work requirements.

States should require legislative approval of work requirement waivers to prevent this type of abuse

Food stamp work requirement waivers are often pursued by bureaucrats who are requesting waivers in as many parts of the states as possible in order to minimize the areas subject to work requirements.⁴¹ Their goal is not to waive work requirements in areas that lack available jobs; their goal is to make work requirements nonexistent to the largest number of people possible. They are often helped in this endeavor by left-wing advocacy groups who want work requirements to apply to as few people as possible.⁴²

Lawmakers should ensure that work requirements, which help move people from welfare to work, are applied to as many people as possible.⁴³ States share in the costs of Medicaid with the federal government, and soon most states are likely to become payors in the food stamp program as well, based on their payment error rates.⁴⁴

It makes financial sense and protects taxpayers to promote work for those who can and reserve welfare for the truly needy. As payors into both Medicaid and food stamps, states will have every incentive to make sure that waivers are not abused, as they have been in food stamps for decades.

To help accomplish this, states should take the ultimate decision-making over which waivers are requested away from unelected and often unaccountable career bureaucrats, and instead instill it in the legislature.



States should take the ultimate decision-making over which waivers are requested away from **UNELECTED AND OFTEN UNACCOUNTABLE CAREER BUREAUCRATS.**

States should require legislative approval for work requirement waivers to help bring accountability and transparency to the process. Ensuring that work requirement waivers are not abused would encourage able-bodied adults to find work and higher incomes, protect welfare programs for the truly needy, and ultimately ease the burden on federal and state taxpayers alike.⁴⁵

THE BOTTOM LINE: Work requirements are coming to Medicaid. To prevent the gimmicks and loopholes seen in the food stamp program, states should prohibit bureaucrats from waiving work requirements without legislative approval.

Congress took a bold step to help save Medicaid by creating work requirements for many able-bodied adults. Work requirements work when they are allowed to be implemented.⁴⁶⁻⁴⁷⁻⁴⁸⁻⁴⁹⁻⁵⁰ They encourage able-bodied adults to leave dependency behind and find work, ultimately leaving them better off financially.⁵¹

But states have a long history of gaming the system to waive work requirements for as many able-bodied adults as possible in the food stamp program.⁵²

To prevent this from happening in Medicaid and to address the issue in food stamps, states should prohibit bureaucrats from waiving work requirements without legislative approval. This will help ensure waivers are only requested in prudent and publicly defensible situations and preserve taxpayer money for the truly needy.

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