

Workforce Participation Necessitates Medicaid Funding - June 2025

Overview

- Medicaid provides [services](#) that help disabled people work. Medicaid cuts will restrict the [15 million](#) disabled people enrolled in Medicaid from obtaining the services they need to succeed in gainful employment.
- People in better health [work more](#) than people in fair health. Medicaid is necessary to improve people's health, which means Medicaid cuts will likely force many enrollees out of their jobs.
- Nearly two-thirds of Medicaid-covered adults under 65 [are already working full or part time](#).
- [More than 75% of Americans, across political party lines, have favorable views of Medicaid](#).
- Medicaid enables enrollees—both those with and without disabilities—to lead independent, self-determined lives.

Medicaid Both Enables People to Work & Strengthens America's Economy

- Medicaid expansion incentivizes the employment of people with disabilities. **“Employment rates for people with disabilities were greater in states that expanded Medicaid than in states that did not expand Medicaid”** — [American Journal of Public Health](#)

Home and Community-Based Services (HCBS)

- Medicaid's coverage of HCBS enables people with disabilities to receive the types of services necessary to improve the requisite skills for [finding and keeping competitive integrated employment](#) and participating in their communities.
- HCBS services include job coaches and employment support staff, and also life-saving habilitation support for activities of daily living, like eating, dressing, transportation, and bathing. [Employer-provided health insurance typically does not cover HCBS](#).
- Medicaid HCBS are provided through a Medicaid Waiver program, which is optional.
 - All 50 states have a waiver for HCBS because of the need for long-term services and supports (LTSS) in the community.
 - Medicaid covers [nearly 70% of all HCBS and 61% of all LTSS](#).
- Cuts to HCBS eligibility and benefits will have downstream harms to workforce readiness, workforce participation including community-based jobs, and the amount of money people receiving services can contribute to the economy.
- [2021 data](#) shows that about 70% of people on HCBS waiting lists live in nonexpansion states.
- Policies like provider tax and state-directed payment freezes or penalizing states' federal match for any reason will jeopardize the stability of state Medicaid programs which [historically has led to HCBS being cut first](#).
- The [proposed state match for SNAP](#) would shift costs to states, which would make cuts to optional costs like HCBS more likely.

Healthcare Workers and Direct Service Providers (DSPs)

- Medicaid funding for healthcare workers and DSPs creates more jobs and helps the economy.
 - Medicaid cuts mean increased staffing shortages and fewer jobs at nursing homes and hospitals because Medicaid covers over [40% of births](#) and helps pay the costs for [almost two-thirds of nursing home residents](#).
- More than 1/10th of Medicaid enrollees aren't working because they're [family caregivers](#). Therefore, many more people could be working if their family members got Medicaid coverage for professional caregivers.
 - Many of the people considered able-bodied who do not work are middle-aged or older women who are [caring for their family](#), and taxpayers will “bear the financial consequences of depriving this group of health care access now.”

Medicaid in Schools

- “Just one extra year of Medicaid coverage during childhood leads to [higher earnings and better productivity as an adult](#), boosting the nation’s economy.”
- Schools are eligible to be [reimbursed](#) for qualifying expenses in the provision of medically-necessary services to Medicaid-eligible students.
- Cuts to Medicaid undermine the health of the country’s future workforce.

Medicaid Buy-In Programs

- [Medicaid buy-in programs](#), available in 46 states, allow individuals to maintain Medicaid coverage while working. Medicaid buy-in helps incentivize more people to work.
- Medicaid buy-in programs allow people with disabilities to work without being forced to choose between their jobs and the care and services they need to maintain their health.

Medicaid Work Requirements Worsen Employment

- [Majority of working age adults on Medicaid are already working](#).
- Medicaid work requirements force people to choose between keeping their healthcare and keeping their job.
- **Work requirements do not increase employment rates for [Medicaid](#) and [SNAP](#) enrollees.**
- People with disabilities (PWD) can’t be carved out of work requirements because [disabled people \(and their caregivers\) are represented in every eligibility pathway](#). Work requirements harm people with disabilities and older adults because it results in fewer people getting the basic healthcare they need in order to work.
- Exempting vulnerable populations doesn’t work. In practice, exemptions are difficult to obtain and routinely denied even to those who clearly qualify. State caseworkers have [broad discretion](#) to assess and determine eligibility for waivers, leading to inconsistent and arbitrary refusals of existing exemptions. For example, a [2022 study of TANF recipients](#) found that caseworkers seldom screened women for domestic violence and, as a result, rarely granted waivers under this established exemption. Even when they knew of recipients’ domestic violence experience, workers still often refused waivers that they should have granted.

- Medicaid work requirements make it harder to stay employed at [low-wage jobs](#), which offer very few or no sick days—this is particularly dangerous for PWD, whose medical needs likely necessitate the use of sick days.
- The [bureaucratic red tape and unnecessary reporting paperwork](#) created by work requirements limit working people's ability to keep their health care, particularly if they work multiple jobs or experience language and accessibility barriers.
- [Work requirements will most hurt rural Americans](#), who already face employment barriers from inadequate transportation assistance, child care, and job training.
- Work requirements [harm people already struggling](#) to provide for themselves and their families, such as parents, caregivers, and workers in unpredictable jobs.
- If work requirements are imposed, between [4.6 - 5.2 million adults](#) could lose Medicaid in 2026 alone.

Medicaid Cuts Undermine States' Freedom and Budgets

- Work requirements are [expensive to implement and would increase state spending by as much as hundreds of millions of dollars](#), overwhelmingly on wasteful administration and consulting expenses, instead of people's health. [Georgia](#), [Arkansas](#), & [Iowa](#) exemplify the costly inefficacy of work requirements.
- [Via The Commonwealth Fund](#): if work requirements are imposed...
 - It would cut federal funding to states by \$33-46 billion in the first year and \$362-504 billion over ten years.
 - In 2026 alone, states could see a \$43-59 billion reduction in economic activity; a loss of 322,000-449,000 jobs; and a \$3.2-4.4 billion reduction in local and state tax revenues.
- "The Kaiser Family Foundation [estimates](#) that if all states that elect to use state funds to maintain coverage for those who would lose it under federal work requirements, the policy would shift \$10.3 billion from federal spending to state spending in 2024."
- The House's budget bill imposes a one-size-fits-all federal mandate that [prohibits states](#) from using the Medicaid waiver process to make corrections when programs fail or fail to meet the needs of their own states.
- In addition to shifting additional financial burden to the states, the House bill hampers the states' ability to finance their own share of Medicaid through taxes and to improve the quality of health care in their states through state-directed managed care payments.
- Efforts to reduce the federal match (FMAP) for states that chose to provide additional health programs at their own expense establishes an alarming precedent of punishing state choice and invites [further federal overreach](#).

Should you have questions, or if you would like to set up a meeting with the Collaboration to Promote Self Determination (CPSD), please contact the CPSD co-chairs: Nina Stoller, Policy Coordinator at the Autistic Self-Advocacy Network (ASAN) at nstoller@autisticadvocacy.org and Stephanie Flynt McEben, Public Policy Analyst at the National Disability Rights Network (NDRN) at Stephanie.McEben@ndrn.org.