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Five reasons a Medicaid work requirement is not good for North Carolina’s struggling families

Evidence shows work requirements fail to reduce poverty and block poor families from care.

BY LUIS TOLEDO

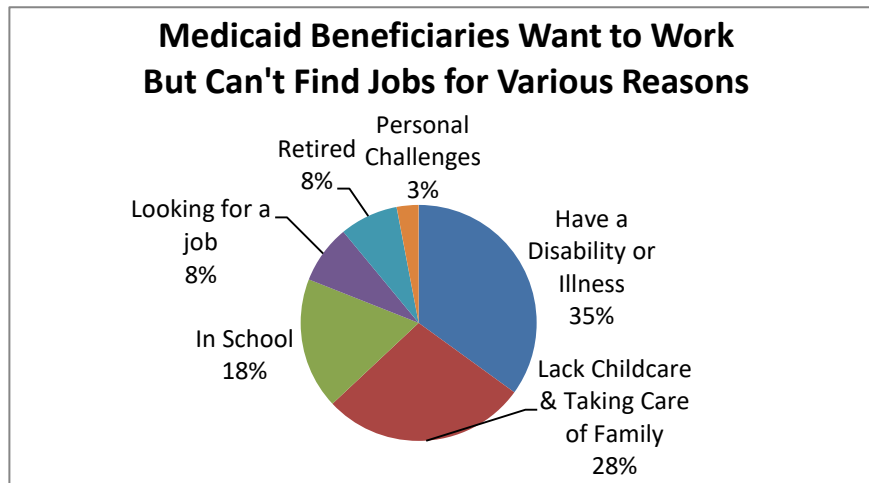
Lawmakers in Congress and in North Carolina’s General Assembly are considering “work requirements” in Medicaid as part of an overall health care reform package. Evidence shows that denying medical care to sick, poor people because they lack a job is not a good idea. Too many families are one bad accident, lay-off, or catastrophe away from the brink. We need to guarantee that when people do hit hard times, they do not go without the basics, including medical care. That’s why state lawmakers need to strengthen, not weaken, Medicaid.

Last year in North Carolina, Medicaid offered health coverage to 1.9 million poor seniors, children, parents, and people with disabilities. A work requirement in Medicaid would bar eligible people from Medicaid coverage if they are unable to meet the mandate, likely making them uninsured. Rather than providing work opportunities, a work requirement would harm those least able to get and hold a job – while keeping others from improving their health and participating in the workforce.

Below are five reasons why an imposing work requirement is not a good policy idea in North Carolina.

1) Medicaid beneficiaries want to work but can’t find jobs for reasons that work requirements don’t solve.

In North Carolina, nearly 8 in 10 [Medicaid adults live in a family with at least one worker](#), and about half (48 percent) are currently working without being required to do so as a condition of coverage.²



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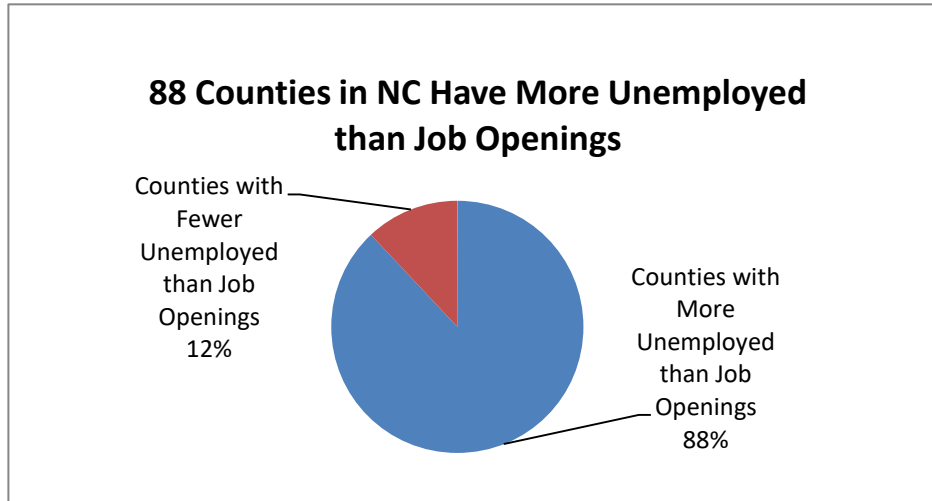
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Most people on Medicaid who can work do so, and for people who face [major obstacles to employment](#), work requirements won't help to overcome them.³ Such barriers to work include having an illness or disability that prevents them from working (35 percent), lacking child care assistance or are taking care of family (28 percent), participating in school (18 percent), as Figure 1 shows.



In 88 of the state's 100 counties, there are more unemployed workers than there are job openings.⁴ This is a major challenge that policymakers must address to enable more jobless adults to access employment opportunities. Medicaid work requirements do not address the job gap.

2) Low wages keep millions of working people across North Carolina in poverty.

Across all 100 counties in NC, there are 2.2 million North Carolinians who have a job but are still earning poverty-level incomes, which is \$24,600 for a family of 4.⁵ There are 95 counties in which the working poor make up more than 20 percent of the labor force. In 17 of the state's 100 counties, the working poor population is between 30 and 40 percent.

Work requirement [research in the Temporary Assistance for Needy Family program \(TANF\) shows that over five years](#), at least three-quarters of recipients worked, regardless of whether they faced work requirements.⁶ However, their earnings were not enough to lift them out of poverty.

Medicaid work requirements do not help low-wage workers who are often not offered health insurance at work, or who are offered plans that are too expensive. In many cases, even when low-wage businesses offer insurance, workers are often ineligible because they work part-time or have not been on the job long enough to be eligible. A work requirement would also fail to offer low-income families child care, transportation, or job training, which could help them succeed in the workforce.

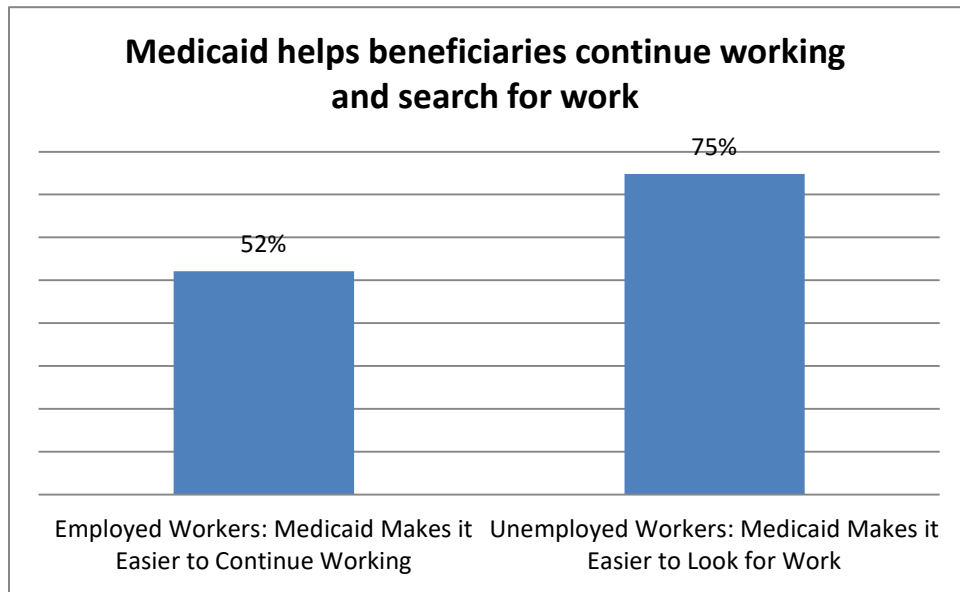
3) Medicaid makes it easier for people to work and search for work.

Medicaid makes it easier for beneficiaries to find work. A majority of enrollees (52 percent) report that Medicaid has made it easier to secure and maintain employment. Among unemployed enrollees looking for work, 75 percent report that Medicaid makes it easier to look for work.⁷

According to [a statewide Medicaid assessment](#), enrollees reported that Medicaid enrollment enabled them to purchase basic necessities and pay down debt, supported their ability to seek employment, and reduced anxieties about seeking medical care.

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4) A Medicaid work requirement redirects resources away from the goal of reducing poverty.

Spending taxpayer money to cover increasing administrative costs rather than using it to serve the public is not smart public policy. A work requirement for Medicaid beneficiaries would add to health plan administrative costs and shift money away from providing care, according to health insurers that administer benefits for millions of poor Americans. Jeff Myers, president and CEO of Medicaid Health Plans of America, has said [work requirements are an administrative burden](#): “plans would rather spend their time and resources actually caring for their members.”⁸

If Medicaid work requirements took effect, North Carolina would have to spend more on administrative costs just to track the number of hours that each Medicaid beneficiary spends completing approved activities each month to determine compliance. Counties across the state would be required to [spend additional time and financial resources](#) to implement and administer in order to cover these additional processes and exemption policies.⁹

Medicaid work requirements is also not smart policy considering that North Carolina’s Medicaid program has very strict eligibility criteria and ranks 40th in the country in this category, making it difficult for people to qualify for Medicaid coverage. Only 10 other states offer stricter standards for parents of minor children to get Medicaid.¹⁰

Furthermore, [North Carolina already spends considerably less on Medicaid per enrollee](#), regardless of their category, compared to other states.¹¹ North Carolina ranks last on spending per elderly enrollee (\$10,518); the national average per elderly enrollee is \$17,522. North Carolina also ranks 42nd for spending per enrollee with disabilities (\$15,060), while the national average is \$18,518. When it comes to spending per child enrollee, the state ranks 31st (\$2,355) compared to the national average of \$2,492.

5) Dedicating resources to work training programs that help people access job opportunities is more effective in the long-term.

To move North Carolinians who are struggling to find work and to secure better jobs, investments targeted to skills training programs that result in an industry-recognized credential and providing a strong career pathway program at every community college will increase skills and employment

outcomes. Funding efforts to connect Medicaid recipients to career readiness certification and provide information about growing industries in the region and where jobs are likely to continue to grow can also be effective.

Research shows that public investments in these areas help low-income adults and youth find jobs, improve their earnings and contribute to their communities. For example, one study found that individuals receiving services are more likely to be employed (by about 10 percentage points) than those who have not received services.¹²

Finally, removing barriers to employment for Medicaid recipients such as transportation and child care costs as well as addressing unhealthy housing and food insecurity will improve the employment opportunities for more North Carolinians with health care coverage through Medicaid.

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