Medicaid Work Requirements Harm People with Mental Health Disabilities

For many people with mental health disabilities, Medicaid is a lifeline. Medicaid is the largest provider of health care to people with disabilities,[1] including people with mental health disabilities,[2] in the United States. It is the primary source of funding for the key services people with significant mental health disabilities need to live independently in their own homes and participate in their communities.[3] Nearly 40% of the nonelderly adults on Medicaid have a mental health or substance use disorder.[4]

Despite its overwhelming popularity,[5] Medicaid is at risk of deep cuts. On February 25, 2025, the House of Representatives passed a budget resolution directing $880 billion in budget cuts, much of which would have to come from the Medicaid program. If Congress does enact such cuts, millions of people would lose needed health services.

One way that Congress might cut Medicaid benefits is to impose "work requirements." These provisions typically require Medicaid beneficiaries to prove that they are working or engaging in other activities for a certain number of hours each month in order to continue receiving benefits. Those who support work requirements claim that they promote employment.

But work requirements do not increase employment. Experience with Medicaid work requirements shows that they cause large numbers of people to lose health care coverage unfairly, impose significant costs on taxpayers, and make it more difficult for people to work.[6]

Medicaid Provides Key Services for People with Mental Health Disabilities

Medicaid is a federal-state partnership to provide healthcare to lower-income people, families with dependent children, and people with disabilities.[7] Every state has chosen to participate in the Medicaid program and has a Medicaid plan that is approved by the federal Centers for Medicare and Medicaid Services (CMS).[8] The Affordable Care Act's expansion of Medicaid in all but ten states,[9] along with its requirement that health insurance plans cover mental health and

substance use disorder services, had extended mental health and substance use disorder services to an estimated 62 million people by 2013.[10]

Under Medicaid, states can provide a wide variety of health care services for which they can receive federal matching funds. These include key services that are critical for people with mental health disabilities. For example, Medicaid covers community-based mental health services such as mobile crisis services, services that enable people with mental health disabilities to secure and maintain housing, supported employment services, Assertive Community Treatment (ACT), peer support services, and "wraparound" services for children and their families.[11] These services help prevent unnecessary and harmful institutionalization and allow people with mental health disabilities to live and work independently in their own homes and communities, while receiving services in "the most integrated setting," as required by the landmark Supreme Court decision *Olmstead v. L.C.*[12]

Work Requirements Would Severely Harm People with Mental Health Disabilities

Work requirements, also referred to as "community engagement" programs, do little to support or increase Medicaid enrollees' employment, but instead create costly bureaucratic processes and paperwork that result in widespread loss of healthcare coverage for millions.[13] Many people lose coverage not because they lack interest in working, or because they are not already working, but because they misunderstand or fail to correctly adhere to requirements to regularly report their work or job searches, or because of bureaucratic errors.[14] The implementation of work requirements has often involved extensive red tape, opaque information about who is subject to the requirement, and a confusing and inaccessible online reporting system.[15]

Instead of promoting work, work requirements can make it more difficult for people with mental health disabilities to secure and maintain employment. Like Medicaid enrollees generally, many people with mental health disabilities who rely on Medicaid already do work.[16] Others are not working, not due to a lack of motivation but instead to the pervasive discrimination that contributes to low employment rates for people with significant disabilities[17] or the unavailability of needed accommodations or employment services. Medicaid-covered health and mental health services, including employment services, are often essential for them to get a job or stay employed, but work requirements can cause working people to lose those services.[18] People who lose Medicaid coverage often forgo necessary medications and other care because the cost is prohibitive.[19] Further, coverage interruptions could lead to increased emergency room visits, hospitalizations, and admissions to psychiatric facilities, pushing people with mental health disabilities into an institutional setting.[20]

Even if a work requirement policy applies only to those individuals covered under Medicaid expansion programs, rather than those receiving disability benefits through Medicaid's Supplemental Security Income (SSI) program, people with mental health disabilities will still be significantly impacted. Nearly three-fifths of all non-elderly adult Medicaid enrollees with disabilities do not receive SSI,[21] and therefore would be subject to the requirement.

Past Experience Shows Work Requirements Were Costly and Caused Harm Instead of Promoting Work

The harms of Medicaid work requirements were demonstrated when states imposed these requirements during President Trump's first term. Work requirements resulted in the same outcomes: working people lost health care coverage, states lost money on the program's administration, health care providers lost revenue, and employment rates remained stagnant.[22]

In 2018, Arkansas became the only state to fully implement a work requirement in its Medicaid program.[23] In just seven months, before a federal court stopped the program,[24] 18,000 people—1 in 4 of those subject to the requirement—lost Medicaid coverage,[25] the state spent $26.1 million on its implementation,[26] and employment rates stayed the same.[27] Most people who lost coverage did not lose it because they failed to work or qualify for an exemption—that was true for only approximately 3-4% of those subject to the requirement.[28] Instead, red tape, paperwork, and a lack of clear communication resulted in widespread confusion and thousands of inappropriate terminations from Medicaid coverage.[29]

Nearly half of those subject to the requirement were unsure whether it applied to them, and another third reported hearing nothing about it.[30] For those beneficiaries who knew they had to report, they had to access a computer and the internet and navigate a complicated online portal that was only available at certain times of the day, all without any additional staff support from the state.[31] After Arkansas added an option to report over the phone, some beneficiaries reported waiting for forty-five minutes to an hour to speak with someone, after which they were occasionally hung up on.[32] Further, some individuals who figured out how to report did not know they had to do so each month, and lost their coverage because they failed to report regularly, then lost access to health services that enabled them to work, and then lost their job.[33] A Kaiser Family Foundation study noted that "people with disabilities were particularly vulnerable to losing coverage under the Arkansas work and reporting requirements, despite remaining eligible."[34]

New Hampshire suspended implementation of its program shortly after reporting requirements were instituted in June 2019, once it became clear that an estimated 17,000 enrollees—67% of those subject to the requirement—were determined out of compliance in July, and would have lost Medicaid coverage in August.[35] Even though all but a small minority of Medicaid expansion beneficiaries should have been considered exempt, the program was on track to cut coverage for

the majority of beneficiaries.[36] Despite a robust outreach campaign, there was widespread confusion about whether an enrollee was subject to the requirement, as well as technological difficulties reporting through the online portal.[37] In Michigan, the state spent $28 million on outreach and implementation to help beneficiaries comply with its work requirement program before the policy took effect in January 2020.[38] It was suspended by March 2020, in part because, despite this extensive outreach, more than 80,000 enrollees—or one-third of those subject to the requirement—had failed to adequately report and were set to lose coverage.[39]

Work requirements have never proven to be a successful approach to encouraging employment, reducing costs, or improving health care. They have historically resulted in widespread and inappropriate loss of health care coverage, which is especially harmful to people with disabilities.

Medicaid enables millions of people with mental health disabilities to access the health care, supports, and services they need to participate fully and individually in their communities, in fulfillment of the promise made in *Olmstead v. L.C. (Lois Curtis).* Imposing work requirements would significantly harm people with mental health disabilities—creating additional barriers to their employment, depriving them of health care coverage, and denying them the requisite services and supports to thrive.

---

[1] "People with Disabilities," MEDICAID & CHIP PAYMENT & ACCESS COMM'N (2023), https://www.macpac.gov/subtopic/people-with-disabilities/.
[2] *Access in Brief: Behavioral Health and Beneficiary Satisfaction by Race and Ethnicity*, MEDICAID & CHIP PAYMENT & ACCESS COMM'N (2024), https://www.macpac.gov/wp-content/uploads/2024/01/Access-in-Brief-Behavioral-Health-and-Beneficiary-Satisfaction-by-Race-and-Ethnicity.pdf.
[3] Americans with Disabilities Act, 42 U.S.C. § 12101.
[4] Madeline Guth et al., "Medicaid Coverage of Behavioral Health Services in 2022: Findings from a Survey of State Medicaid Programs," KFF, Mar. 17, 2023, https://www.kff.org/mental-health/issue-brief/medicaid-coverage-of-behavioral-health-services-in-2022-findings-from-a-survey-of-state-medicaid-programs/ (using 2020 data).
[5] "7 Charts About Public Opinion on Medicaid," KFF, Mar. 7, 2025, https://www.kff.org/medicaid/poll-finding/7-charts-about-public-opinion-on-medicaid/ ("The January 2025 KFF Health Tracking Poll found about three-quarters of the public have a 'very favorable' (37%) or 'somewhat favorable' (40%) view of the program, while one-quarter say they have an unfavorable view. At least eight in ten Democrats (87%) and independents (81%), along with nearly two-thirds of Republicans (63%) view the program favorably."); Sophia Tripoli et al., *Medicaid Work Reporting Requirements: Bureaucratic Burdens That Threaten Working Families, Providers and Local Economies*, FAMILIES USA (Mar. 2025), https://familiesusa.org/wp-content/uploads/2025/03/Medicaid-Work-Reporting-Requirements-Fact-Sheet.pdf [hereinafter "Medicaid Work Reporting Requirements"] (71% of voters from across political parties want Congress to guarantee coverage through Medicaid); "KFF Health Tracking Poll February 2025: The Public's Views on Potential Changes to Medicaid," KFF, Mar. 7, 2025, https://www.kff.org/medicaid/poll-finding/kff-health-tracking-poll-public-views-on-potential-changes-to-medicaid/ (Recent poll found that fewer than one in five adults (17%) want to see Medicaid funding decreased, and most think funding should either increase (42%) or be kept about the same (40%)).
[6] "KFF Health Tracking Poll February 2025: The Public's Views on Potential Changes to Medicaid," KFF, Mar. 7, 2025, https://www.kff.org/medicaid/poll-finding/kff-health-tracking-poll-public-views-on-potential-changes-to-medicaid/.
[7] *Medicaid*, THE U.S. DEP'T OF HEALTH & HUM. SERVS., CTR. FOR DISEASE CONTROL & PREVENTION, NAT'L CTR FOR HEALTH STAT., https://www.cdc.gov/nchs/hus/sources-definitions/medicaid.htm.
[8] 42 C.F.R. § 431.10.
[9] "Status of State Medicaid Expansion Decisions: Interactive Map," KFF, Feb. 12, 2025, https://www.kff.org/status-of-state-medicaid-expansion-decisions/#:~:text=The%20Affordable%20Care%20Act's%20(ACA,FMAP)%20for%20their%20e%20xpansion%20populations.

[10] Kirsten Beronio et al., U.S. DEP'T OF HEALTH & HUM. SERVS., OFFICE OF THE ASSISTANT SEC'Y FOR PLANNING & EVALUATION, *Affordable Care Act Will Expand Mental Health and Substance Use Disorder Benefits and Parity Protections for 62 Million Americans* (2013), https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//43941/rb_mental.pdf.
[11] *An Alternative to the Police: New Funding is Available for Community-Based Mental Health Systems*, BAZELON CTR. FOR MENTAL HEALTH LAW (2021), https://www.bazelon.org/wp-content/uploads/2021/04/ARP-HCBS-provisions-2.pdf.
[12] *Olmstead v. L.C. (Lois Curtis)*, 527 U.S. 581 (1999); "The Olmstead Case," BAZELON CTR FOR MENTAL HEALTH LAW, https://www.bazelon.org/the-olmstead-case/.
[13] Tripoli et al., *Medicaid Work Reporting Requirements*, https://familiesusa.org/wp-content/uploads/2025/03/Medicaid-Work-Reporting-Requirements-Fact-Sheet.pdf.
[14] Jennifer Wagner & Jessica Schubel, *States' Experiences Confirm Harmful Effects of Medicaid Work Requirements*, CTR. ON BUDGET & POL'Y PRIORITIES (Nov. 2020), https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf [hereinafter "States' Experiences Confirm Harmful Effects"] (noting that due to complex rules, insufficient and ineffective outreach, complex reporting systems, and a lack of staff support, in Arkansas, Michigan, and New Hampshire "people who were working and people with serious health needs who should have been eligible for [work requirement] exemptions lost coverage or were at risk of losing coverage due to red tape"); Michael Karpman et al., *Assessing Potential Coverage Losses among Medicaid Expansion Adults under a Federal Medicaid Work Requirement*, THE URBAN INST. & THE ROBERT WOOD JOHNSON FOUND. (Mar. 2025), https://www.urban.org/sites/default/files/2025-03/Assessing-Potential-Coverage-Losses-among-Medicaid-Expansion-Adults-under-a-Federal-Medicaid-Work-Requirement.pdf. [hereinafter "Assessing Potential Coverage Losses"] (In a study of Arkansas, the only state to fully implement Medicaid work requirements, and New Hampshire, which made significant progress toward implementation, it was found that, despite nearly all those subject to the requirements either working or qualifying for an exemption, "enrollees faced a range of barriers to compliance with the new requirements, including low awareness or understanding of the policy, confusion related to state notices, and difficulties accessing or using online portals or other reporting systems.").
[15] Anna Bailey & Judith Solomon, "Medicaid Work Requirements Don't Protect People with Disabilities," CTR. ON BUDGET & POL'Y PRIORITIES, Nov. 14, 2018, https://www.cbpp.org/research/health/medicaid-work-requirements-dont-protect-people-with-disabilities [hereinafter "Requirements Don't Protect People with Disabilities"].
[16] Jennifer Tolbert et al., "Understanding the Intersection of Medicaid and Work: An Update," KFF, Feb. 4, 2025, https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work-an-update/.
[17] "Persons with a Disability: Labor Force Characteristics," U.S. DEP'T OF LABOR, BUREAU OF LABOR STATS., Feb. 25, 2025, https://www.bls.gov/news.release/pdf/disabl.pdf; THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, MENTAL HEALTH NATIONAL OUTCOME MEASURES (NOMS): SAMSHA UNIFORM REPORTING (2015).
[18] Michael Karpman et al., *Assessing Potential Coverage Losses*, https://www.urban.org/sites/default/files/2025-03/Assessing-Potential-Coverage-Losses-among-Medicaid-Expansion-Adults-under-a-Federal-Medicaid-Work-Requirement.pdf.
[19] Wagner & Schubel, *States' Experiences Confirm Harmful Effects*, https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf.
[20] Bailey & Solomon, "Requirements Don't Protect People with Disabilities," https://www.cbpp.org/research/health/medicaid-work-requirements-dont-protect-people-with-disabilities.
[21] *Taking Away Medicaid for Not Meeting Work Requirements Harms People With Disabilities*, CTR. ON BUDGET AND POL'Y PRIORITIES (Mar. 2020), https://www.cbpp.org/sites/default/files/atoms/files/1-26-18health.pdf.
[22] Tripoli et al., *Medicaid Work Reporting Requirements*, https://familiesusa.org/wp-content/uploads/2025/03/Medicaid-Work-Reporting-Requirements-Fact-Sheet.pdf.
[23] Michael Karpman et al., *Assessing Potential Coverage Losses*, https://www.urban.org/sites/default/files/2025-03/Assessing-Potential-Coverage-Losses-among-Medicaid-Expansion-Adults-under-a-Federal-Medicaid-Work-Requirement.pdf.
[24] Gresham v. Azar, 363 F. Supp. 3d 165 (D.D.C. 2019).
[25] Tripoli et al., *Medicaid Work Reporting Requirements*, https://familiesusa.org/wp-content/uploads/2025/03/Medicaid-Work-Reporting-Requirements-Fact-Sheet.pdf.
[26] MaryBeth Musemeci et al., "Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees," KFF, Dec. 18, 2020, https://www.kff.org/medicaid/issue-brief/medicaid-work-requirements-in-arkansas-experience-and-perspectives-of-enrollees/.
[27] Mara Youdelman, "Work Requirements are a Terrible, Horrible, No Good, Very Bad Idea for Medicaid," NAT'L

HEALTH LAW PROGRAM, Apr. 20, 2023, https://healthlaw.org/work-requirements-are-a-terrible-horrible-no-good-very-bad-idea-for-medicaid/.
[28] Anuj Gangopadhyaya *et al.*, *Medicaid Work Requirements in Arkansas*, THE URBAN INST. (May 2018), https://www.urban.org/research/publication/medicaid-work-requirements-arkansas.
[29] Wagner & Schubel, *States' Experiences Confirm Harmful Effects*, https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf.
[30] *Id.*
[31] *Id.*
[32] *Id.*
[33] Gresham v. Azar, 363 F. Supp. 3d 165, 168 (D.D.C. 2019).
[34] MaryBeth Musumeci, "Disability and Technical Issues Were Key Barriers to Meeting Arkansas' Medicaid Work and Reporting Requirements in 2018," KFF, June 11, 2019, https://www.kff.org/medicaid/issuebrief/disability-and-technical-issues-were-key-barriers-to-meeting-arkansas-medicaid-work-and-reporting-requirements-in-2018/.
[35] Ian Hill et al., *New Hampshire's Experience with Medicaid Work Requirements*, THE URBAN INST. (Feb. 2020), https://www.urban.org/sites/default/files/publication/101657/new_hampshires_experience_with_medicaid_work_requirements_v2_0_7.pdf.
[36] Wagner & Schubel, *States' Experiences Confirm Harmful Effects*, https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf; Rachel Garfield et al., *Understanding the Intersection of Medicaid and Work: What Does the Data Say?*, KFF (Aug. 2019), https://files.kff.org/attachment/Issue-Brief-Understanding-the-Intersection-of-Medicaid-and-Work-What-Does-the-Data-Say.
[37] Wagner & Schubel, *States' Experiences Confirm Harmful Effects*, https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf.
[38]*Id.*; Nicholas Bagley, "Opinion: Enforcing Work Requirements is a Waste," THE DETROIT NEWS, December 5, 2019, https://www.detroitnews.com/story/opinion/2019/12/05/opinion-enforcing-work-requirements-waste/2608089001/.
[39] Robin Erb, "Gretchen Whitmer Asks to Stop Michigan Medicaid Rules; 80,000 At Risk," BRIDGE MICHIGAN, February 25, 2020, https://www.bridgemi.com/michigan-health-watch/gretchen-whitmer-asks-stop-michigan-medicaid-work-rules-80000-risk.; Wagner & Schubel, *States' Experiences Confirm Harmful Effects*, https://www.cbpp.org/sites/default/files/atoms/files/12-18-18health.pdf.