

Medicaid Work Reporting Requirements Could Cost West Virginia Hundreds of Millions of Federal Health Care Dollars; More Than 40,000 Residents Could Lose Health Coverage

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January 2025

Overview

Federal policymakers are reportedly considering enacting work reporting requirements for Medicaid in the new Congress.¹ Similar state-level policy led to disastrous consequences in Arkansas in 2018-19 until a federal judge blocked the program.² Enacting an Arkansas-style work reporting requirement at the federal level would result in West Virginia's health care system losing an estimated \$270 million annually, 90 percent of which (\$243 million) is federal Medicaid dollars, while uncompensated care costs would dramatically increase for providers and the state. Further, an estimated 40,779 residents could be expected to lose their health coverage.³ Nearly 4,500 job losses in the health care sector and indirectly related industries could be expected.

Medicaid is a Vital Economic and Health Driver in West Virginia

Nearly one in three West Virginians receive health coverage through Medicaid. The program serves many of our state's families directly and is the largest source of coverage for births, child health care, substance use treatment, and long-term care for West Virginians, benefiting residents across the state.⁴ Medicaid is vital to our state's hospitals and providers, with research showing that Medicaid expansion has resulted in reduced uncompensated care, increases in hospital operating margins, and decreases in closures of hospitals and obstetrics units. Medicaid improves hospital finances by extending coverage to patients who would otherwise be uninsured and require hospital charity or uncompensated care.⁵

According to WorkForce West Virginia, health care is the sector expected to see the most job growth in the state over the coming decade, in large part driven by federal Medicaid investments.⁶ A 2018 report from the WVU Bureau for Business and Economic Research estimated that a \$29 million reduction in federal Medicaid dollars would cause a loss of 520 jobs annually. Extrapolating from that study, a \$243 million annual reduction in federal Medicaid funding could cost West Virginia nearly 4,500 jobs annually.⁷

¹ Sarah Kliff and Noah Weiland, "Medicaid May Face Big Cuts And Work Requirements," *New York Times*, November 20, 2024.

² Benjamin D. Sommers et al, "Medicaid Work Requirements In Arkansas: Two-Year Impacts on Coverage, Employment, and Affordability of Care," *Health Affairs*, 39, No. 9, 2020: 1522-1530.

³ WVCBP analysis of potential Medicaid dollars lost and health enrollment changes.

⁴ WVCBP analysis of West Virginia Department of Human Services data.

⁵ Zachary Levinson et al., "Rural Hospitals Face Renewed Financial Challenges, Especially in States That Have Not Expanded Medicaid," Kaiser Family Foundation, February 23, 2023.

⁶ "West Virginia Industry Projections 2020-2030," WorkForce West Virginia, retrieved on December 30, 2024 at <http://lmi.workforcewv.org/LTprojections/LTIndustryProjections.html>.

⁷ Christiadi and John Deskins, "The Economic Impact of Medicaid on West Virginia's Economy", *WVU Bureau for Business and Economic Research*, January 2018.

Most Medicaid Recipients are Already Working, Caring for Family, or Attending School

A large majority of adult Medicaid beneficiaries who can work already do. According to a 2024 analysis, over 80 percent of working-age adults on Medicaid were working, acting as family caregivers, or attending school.⁸

Bureaucratic Barriers to Medicaid, Including Work Reporting Requirements, Result in Pain and Coverage Loss for Eligible People

Proposals that require individuals to regularly document and report hours worked or in school cause eligible people to fall through the cracks. Arkansas, the only state to implement Medicaid work reporting requirements on Medicaid beneficiaries, saw one in four of those subjected to the reporting requirement lose health coverage within six months.⁹

Researchers found that this loss of coverage was generally not because people were unable to comply with the work requirement, but that they found the reporting process itself—the bureaucratic red tape—to be confusing and difficult to comply with, or they were unaware of the requirements altogether.

Of those who lost their health coverage due to the work reporting requirements in Arkansas, half reported serious problems paying medical bills, 56 percent delayed addressing health care needs due to cost, and 64 percent delayed receiving needed medications.¹⁰

Medicaid Work Reporting Requirements are Ineffective, Burdensome, and Harmful

People Will Fall Through the Cracks

- Even those exempt from work reporting requirements will likely have to prove they meet an exemption, resulting in more bureaucratic red tape that will mean even those eligible can and will lose coverage.
- When parents lose health coverage, children are less likely to remain covered and receive health care.

Work Reporting Requirements Do Not Promote Work

- Medicaid's primary purpose is to provide health coverage to low-income people. It is not a work program and offers no work training supports for beneficiaries.
- There is no evidence that work reporting requirements in any program help people find or keep jobs. Arkansas' work reporting requirements program had no effect on employment.
- The barriers people face to work include affordable child care, reliable transportation, and job training and education. Work reporting requirements provide none of these, and state and federal policymakers would do well to focus on the barriers to work instead of punishing those who cannot work.

County-level Impact Analysis

As highlighted above, enacting an Arkansas-style Medicaid work reporting requirement at the federal level would result in West Virginia's health care system losing an estimated \$270 million annually, 90 percent of which (\$243 million) is federal Medicaid dollars, while uncompensated care costs would dramatically increase

⁸ Gideon Lukens, "Research Note: Most Medicaid Enrollees Work, Refuting Proposals to Condition Medicaid on Unnecessary Work Requirements," *Center on Budget and Policy Priorities*.

⁹ Benjamin D. Sommers et al., "Medicaid Work Requirements In Arkansas: Two-Year Impacts on Coverage, Employment, and Affordability of Care," *Health Affairs*, 39, No. 9, 2020: 1522-1530.

¹⁰ Ibid.

for providers and the state. An estimated 40,779 residents could be expected to lose their health coverage.¹¹ Below is a chart that estimates the county-level impacts of such a policy.

COUNTY	Expansion Members, December 2024	Estimated Coverage Losses Under Arkansas-style Policy	Total Lost Medicaid Dollars (Annual, State, and Federal Combined)	Federal Portion of Lost Medicaid Dollars (Annual)
BARBOUR	1,565	383	\$2,540,574	\$2,286,517
BERKELEY	8,982	2,201	\$14,581,109	\$13,122,998
BOONE	2,794	685	\$4,535,696	\$4,082,126
BRAXTON	1,444	354	\$2,344,146	\$2,109,732
BROOKE	5	1	\$8,117	\$7,305
CABELL	10,764	2,637	\$17,473,955	\$15,726,559
CALHOUN	714	175	\$1,159,086	\$1,043,178
CLAY	1,234	302	\$2,003,239	\$1,802,915
DODDRIDGE	628	154	\$1,019,476	\$917,529
FAYETTE	4,205	1,030	\$6,826,271	\$6,143,644
GILMER	653	160	\$1,060,061	\$954,055
GRANT	878	215	\$1,425,319	\$1,282,787
GREENBRIER	3,369	825	\$5,469,134	\$4,922,220
HAMPSHIRE	1,925	472	\$3,124,987	\$2,812,489
HANCOCK	3,311	811	\$5,374,978	\$4,837,480
HARDY	1,047	257	\$1,699,668	\$1,529,702
HARRISON	5,519	1,352	\$8,959,379	\$8,063,441
JACKSON	2,532	620	\$4,110,373	\$3,699,336
JEFFERSON	3,295	807	\$5,349,004	\$4,814,104
KANAWHA	19,674	4,820	\$31,938,181	\$28,744,363
LEWIS	1,764	432	\$2,863,625	\$2,577,262
LINCOLN	2,474	606	\$4,016,217	\$3,614,596
LOGAN	4,316	1,057	\$7,006,465	\$6,305,818
MARION	5,267	1,290	\$8,550,290	\$7,695,261
MARSHALL	2,283	559	\$3,706,154	\$3,335,538
MASON	2,751	674	\$4,465,891	\$4,019,302
MERCER	7,086	1,736	\$11,503,200	\$10,352,880
MINERAL	1,880	461	\$3,051,936	\$2,746,742
MINGO	3,425	839	\$5,560,042	\$5,004,038
MONONGALIA	6,312	1,546	\$10,246,711	\$9,222,040
MONROE	922	226	\$1,496,747	\$1,347,072
MORGAN	1,381	338	\$2,241,874	\$2,017,687
MCDOWELL	2,320	568	\$3,766,218	\$3,389,597
NICHOLAS	2,567	629	\$4,167,191	\$3,750,472
OHIO	3,694	905	\$5,996,729	\$5,397,056
PENDLETON	495	121	\$803,568	\$723,211

¹¹ WVCBP analysis of potential Medicaid dollars lost and health enrollment changes.

PLEASANTS	567	139	\$920,451	\$828,406
POCAHONTAS	813	199	\$1,319,800	\$1,187,820
PRESTON	2,626	643	\$4,262,970	\$3,836,673
PUTNAM	3,319	813	\$5,387,965	\$4,849,169
RALEIGH	7,403	1,814	\$12,017,808	\$10,816,027
RANDOLPH	2,412	591	\$3,915,568	\$3,524,012
RITCHIE	847	208	\$1,374,994	\$1,237,495
ROANE	1,295	317	\$2,102,264	\$1,892,038
SUMMERS	1,274	312	\$2,068,173	\$1,861,356
TAYLOR	1,239	304	\$2,011,355	\$1,810,220
TUCKER	444	109	\$720,776	\$648,699
TYLER	660	162	\$1,071,424	\$964,282
UPSHUR	2,382	584	\$3,866,867	\$3,480,181
WAYNE	3,815	935	\$6,193,157	\$5,573,841
WEBSTER	1,251	306	\$2,030,836	\$1,827,752
WETZEL	1,617	396	\$2,624,989	\$2,362,490
WIRT	545	134	\$884,737	\$796,263
WOOD	8,233	2,017	\$13,365,205	\$12,028,685
WYOMING	2,092	513	\$3,396,090	\$3,056,481
OTHER	135	33	\$219,155	\$197,239
TOTAL	166,444	40,779	\$270,200,196	\$243,180,177

Methodology: This analysis assumes work reporting requirements are required for all non-elderly adults in the Medicaid expansion population. Medicaid expansion enrollment figures are from December 2024 and coverage loss estimates assume 24.5 percent of those subject to the reporting requirement lose coverage as happened in Arkansas. Lost Medicaid dollar estimates are calculated using Medicaid per capita expenditures data from CY 2022 for the West Virginia non-elderly adult expansion population. The final column calculates the federal funding component of potential lost funding using the 90 percent FMAP for the expansion population.

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