



# **Work Requirements Don't Work**

A behavioral science perspective

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**March 2019**

## About ideas42

We're a non-profit looking for deep insights into human behavior—into why people do what they do—and using that knowledge in ways that help improve lives, build better systems, and drive social change. Working globally, we reinvent the practices of institutions, and create better products and policies that can be scaled for maximum impact.

We also teach others, ultimately striving to generate lasting social impact and create a future where the universal application of behavioral science powers a world with optimal health, equitable wealth, and environments and systems that are sustainable and just for all.

For more than a decade, we've been at the forefront of applying behavioral science in the real world. And as we've developed our expertise, we've helped to define an entire field. Our efforts have so far extended to 40 countries as we've partnered with governments, foundations, NGOs, private enterprises, and a wide array of public institutions—in short, anyone who wants to make a positive difference in peoples' lives.

ideas42's economic justice portfolio works closely with the communities we serve to design and advocate for behaviorally informed solutions that make it easier for people facing economic hardship in the U.S. to exercise their power for individual, community, and systems change. We envision a U.S. where a shared, behaviorally informed narrative of poverty removes inequities that prevent all people from leading fulfilled lives of their own definition.

Visit [ideas42.org](https://ideas42.org) and follow [@ideas42](https://twitter.com/ideas42) on Twitter to learn more about our work. Contact our corresponding author, Anthony Barrows, at [anthony@ideas42.org](mailto:anthony@ideas42.org) with questions.

## INTRODUCTION

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Proposals to take away medical, food, housing and income assistance from people who do not meet a work requirement have become a centerpiece of the conservative policy agenda, often justified with the claim that the threat of cutting benefits will encourage work. This ignores the growing body of scientific evidence that these policies are misguided and will make it harder for individuals to maintain or find employment. Before policymakers consider such drastic policies, they must ask: Does the scientific evidence support the premise that taking an individual's food, housing or medical assistance away will promote more work? And if labor market participation increases for a few, are the policies (and their compliance demands) worth the cost to participants' time, health, dignity, and long-term well-being? **Behavioral science indicates the answer to both of these fundamental questions is a resounding "no."**

Viewed through a behavioral science lens, work requirements are misguided for three key reasons:

- 1 **They dramatically increase the cognitive costs of participating in a program by imposing burdensome compliance demands**
- 2 **They remove "slack" from the already complex lives of people living with low incomes**
- 3 **They promote harmful narratives among program staff and administrators that disempower participants.**

There is already strong evidence that these policies will harm millions of people that face significant obstacles to employment, while producing few meaningful employment gains. Since work requirements were imposed in 1997, **almost 2 million families have lost all of their direct financial support provided through the Temporary Assistance for Needy Families (TANF) program because of not meeting a work requirement.**<sup>1</sup> In Arkansas alone, over 18,000 individuals lost their Medicaid benefits when the state became the first to implement Medicaid work requirements in June 2018.<sup>2</sup>

In light of the large and growing body of scientific evidence about how people make decisions, work requirements are a bad policy that no amount of behavioral design can fix. There are much better ways to support employment if policymakers truly want to help participants of public benefits programs to participate in the labor market. Rather than creating additional barriers for people who already struggle to make ends meet, **the best supports will cut costs by reducing barriers to entry, create slack by giving participants more time and resources, and reframe program components to empower participants.**

## Understanding Poverty through a Behavioral Science Lens

Behavioral science combines insights from economics, psychology, and other fields to better understand how humans form intentions and take actions. The standard economic approach to predicting human behavior suggests that we behave as if we consider all available information, weigh the pros and cons of each option, make the best choice, and then act on that decision.

**The behavioral approach shows us something different: we all make decisions with imperfect information, and it can be hard to choose what is best for us.** Furthermore, our decisions are products of particular contexts. Changing the context can change the decisions that people make.

This focus on context is particularly relevant when thinking about people living in poverty. In 2015, ideas42 published *Poverty Interrupted*, our foundational white paper on applying behavioral science insights to poverty. In it, we argue that viewing poverty as a cognitive context can help us understand how people experiencing poverty make decisions and take actions. In particular, we outlined how living in poverty means living in **chronic scarcity**, a condition of not having enough of life's basic resources that causes our minds to focus intensely on solving urgent problems. Scarcity, when transitory, is cognitively helpful—if you're short on time, that temporal scarcity can really help you focus on meeting a deadline. Chronic scarcity is different, though. We can only process so much information at once, and people experiencing chronic resource scarcity must manage a large number of challenging problems simultaneously, which requires enormous mental effort. *Should I delay paying my electric bill to buy food this week? Can I afford to miss a work shift in order to look after a sick kid?* These kinds of urgent and immediate problems capture our minds and use up our "mental bandwidth." When we toggle from emergency to emergency, it becomes much harder to sustain that mental effort, and we lose focus on things that are important but less immediately urgent.

As we discussed in *Poverty Interrupted*, chronic scarcity systematically impacts the choices and actions of people living in a context of poverty. **When we're experiencing the scarcity mindset, our ability to solve novel problems is reduced, evaluating options and making decisions becomes more taxing, and our decisions can become impulsive.** Crucially, the impacts of scarcity aren't about the individual, they're about the way *all* of us are wired:

Any human, when placed in similar circumstances [of scarcity], will respond in largely the same ways: a dieter will be consumed with thoughts of food and may have trouble exercising self-control in other areas of his life, and a business executive on a deadline will tunnel in on the proposal or report at hand and may miss an important meeting with colleagues. The problem is not that people living in poverty are any less capable, intelligent, or responsible than people with more wealth or higher incomes. It's that key features of life in poverty interact with human psychology in ways that make it difficult to solve problems, make decisions, and exert self-control. When you add existing structural barriers to the mix, changing one's circumstances becomes all the more difficult.

—From: *Poverty Interrupted*, ideas42, p. 13

# Recent Efforts to Expand Work Requirements

## » Trump Administration Executive Order

Signaling its intent to make proposals to take food and housing assistance and medical coverage away from individuals who do not meet a work requirement, on April 10, 2018, the Trump Administration issued an executive order that called for federal agencies to enforce work requirements that are already in the law and to review all waivers and exemptions to such mandates. Also, the executive order asked agencies to consider adding work requirements to government aid programs that lack them.

The President's budgets for fiscal years 2019 and 2020 also have included policy proposals to expand work requirements to multiple programs.

## » Assisted Housing

In 2018 the Trump Administration proposed letting public housing agencies take rental assistance away from non-disabled, non-elderly households if adults don't work or complete work-related activities for a set number of hours each week. That would make assistance less viable for people experiencing homelessness, who face significant barriers to work, such as physical and behavioral health conditions, lack of work experience or inconsistent work history, and histories of incarceration. People who do work, including those with seasonal or unstable jobs that don't provide enough hours each week to meet the requirement, could still lose their rental assistance.

## » Medicaid

In January 2018, the Centers for Medicare and Medicaid Services provided guidance to states indicating that they would consider waivers that would allow states to take Medicaid coverage away from Medicaid recipients who do not meet a work requirement. As of March 1, 2019, seven states have been granted waivers and eight additional states have waiver requests pending. Arkansas began implementing its waiver and eliminating coverage for people in 2018. Indiana and Wisconsin began implementing their waivers in early 2019, with other states to follow. In March 2019, a federal judge in Washington issued a ruling that halted the implementation of work requirements in Arkansas and also rejected a plan to add work requirements to Medicaid in Kentucky.

## » SNAP (formerly Food Stamps)

A 1996 provision limits SNAP benefits to just three out of every 36 months for childless adults who aren't working or in a training program for at least 20 hours a week, even if they're working part time or looking for work. The law also lets states waive this harsh time limit temporarily in high-unemployment areas, but in February 2019, the Trump Administration published a proposed rule that would severely limit this waiver authority. By restricting the ability of states to waive the rule in many areas, the rule would subject individuals living in areas with limited employment opportunities to the three-month time limit on their receipt of SNAP benefits. In 2018 the U.S. House of Representatives passed a Farm Bill that included sweeping, aggressive new work requirements that would have applied to families with children as well as childless adults, though Congress as a whole rejected that approach.

## » THE APPLICATION OF BEHAVIORAL SCIENCE TO WORK REQUIREMENTS

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When we consider the behavioral science perspective on work requirements in food, housing, income support, and health programs, we start from the simple fact noted above: all of us have limited attention and cognitive bandwidth. Our memory and brain power are limited, and it's difficult for everybody to attend to small details, recall information, and remember to take actions. From this perspective, we should be troubled that a number of people have had benefits taken away due to work requirements—but we should not be surprised, since stricter compliance demands more of participants' already limited bandwidth. Falling participation doesn't indicate a decrease in need or desire for these programs; instead, it's a symptom of the way we all tend to behave when resources are scarce. What's worse, **behavioral science suggests that the people who need benefits the most will be the ones who are most likely to have them taken away under a work requirements regime.**

### Work Requirements Violate the Core Principles of How to Reduce Poverty

Work requirements impose an additional burden on people trying to access government programs, violating each of the three principles we've identified as essential to addressing poverty: cutting costs, creating slack, and reframing programs and empowering participants. And work requirements actually increase scarcity rather than dampening its effects. In addition to meeting all the current eligibility requirements (which are already quite onerous), individuals must now also prove their work status. This could mean proving they are unable to work and therefore should be exempt, documenting that they have had a job for sufficient hours or, in some cases, that they're engaged in a short list of other acceptable activities. These new hurdles are often deliberate efforts to make it impossible to access effective anti-poverty programs, as our infographic on page 14 vividly illustrates. **Many individuals find themselves deterred by hassles, end up not reporting their work-related activities, and fall out of compliance, ultimately losing their benefits.** For examples of how work requirements play out in practice, see the case studies on pages 12 and 15.

(In addition to the main text of this report, there is a case study of the Medicaid work requirement in Arkansas and a case study of the implementation of federal work requirements for Able-Bodied Adults Without Dependents (ABAWDs) in Massachusetts. These two examples broadly reflect the challenges imposed by work requirements across various social and political contexts.)

In *Poverty Interrupted*, ideas42 identified three core design principles to improve programs and interventions aimed at populations living in chronic scarcity. These principles are designed to mitigate the impacts of scarcity and to build on rigorous evidence from social psychology:

- 1 Cut costs:** Families bear the costs of poverty in a variety of ways (including burdens on their time, attention, and cognition), and too many policies that claim to improve an individual's circumstances increase those costs by adding hassles and creating complexity. Good policies and programs will be easy to access and maintain.
- 2 Create slack:** Poverty is unforgiving, leaving no room for error or risk. Building an adequate cushion of time, money, attention, and other critical resources is a prerequisite for escaping poverty.
- 3 Reframe and empower:** Many systems and programs reinforce or create stigmas that systematically disempower people rather than affirm their autonomy and dignity. Behaviorally informed systems and services help people do more of what they want to do and less of what they don't—and ensure that service providers are capable partners in that task.<sup>3</sup>

<b>Behaviorally Informed Policies Should:</b>	<b>But Instead, Work Requirements:</b>	<b>And Because of This:</b>
<p><b>Cut costs.</b> Families bear the costs of poverty in a variety of ways (including burdens on their time, attention, and cognition), and behaviorally-informed programs will reduce hassles and complexity.</p>	<p><b>Increase costs.</b> Work requirements dramatically increase the level of hassles involved in program participation by increasing complexity and bureaucracy.</p>	<p>⚠ Clients who need programs the most will be at the highest risk of losing their economic security and health benefits.</p>
<p><b>Create slack.</b> Poverty is unforgiving, leaving no room for error or risk. Building an adequate cushion of time, money, attention, and other critical resources is a prerequisite for escaping poverty.</p>	<p><b>Eliminate slack.</b> Program rules don't reflect most people's work and family lives. Many individuals that participate in public economic security and health insurance programs work in low-wage jobs with variable schedules over which they have no or little control.</p>	<p>⚠ Clients will be forced to make complex and impossible choices about whether to comply with the requirement or take care of other needs.</p>
<p><b>Reframe and Empower.</b> Many systems and programs reinforce or create stigmas that systematically disempower people rather than affirm their autonomy and dignity. Behaviorally informed systems and services are crafted to help people do more of what they want to do and less of what they don't—and to ensure that service providers are capable partners in that task.</p>	<p><b>Malign and Disempower.</b> Work requirements push a false moral narrative: that some people experiencing poverty deserve help and others don't.</p>	<p>⚠ Case workers and eligibility workers are recast as accountants and gatekeepers. Rather than meeting clients where they are, they will be encouraged to focus on paperwork and compliance. This reframing will impact the interactions they have with clients, creating worse outcomes.</p>

Following these principles can help families living in scarcity to achieve better outcomes. Unfortunately, work requirements run counter to all of these principles. At every turn, **work requirements are not a behaviorally informed or tenable provision for economic security and health insurance programs.**



## Work requirements increase costs

Research in behavioral science has consistently shown that small hassles can have a disproportionately large impact on whether and how people complete a process.<sup>4</sup>

**Behaviorally informed policies and programs will minimize hassles and complexity, so that the people who need a program can participate more easily.** Work requirements do exactly the opposite, adding many additional hurdles to participants' to-do lists each month for them to be compliant with the program and maintain their benefits. Of course, reporting work-related activity to maintain eligibility assumes that participants understand that they must report their work activities in the first place. Data from multiple initiatives across the U.S. indicate that creating administrative barriers to accessing benefit programs can cause drop-off in program participation, especially when there is ineffective communication around these changes. This drop-off is typically unintentional on the part of the program's participants.<sup>5</sup> For example, many Arkansans who lost Medicaid coverage due to the state's work requirements were working or eligible for exemptions, but simply weren't aware of the requirement (for more information on work requirements in Arkansas Medicaid, see page 12). We see similar results in the TANF program—states have used work requirements rules to take TANF cash payments away from people deemed non-compliant, ignoring whether people understood the rules.

Complying with work requirements may seem simple, but when we start to consider what people must actually do, the surprising difficulty becomes apparent. To see the hassles inherent in work requirements, it is important to take a detailed look at the steps clients need to take to learn about, meet, and prove they have complied with the requirements. The case studies and infographic appendices, starting on page 12 illustrate that work requirements often require clients to complete many hassle-filled steps. While requirements and processes vary across programs, states, and counties, there are many commonalities. Lessons from one program often apply to others.



## Work requirements reduce slack

Evidence from behavioral science shows that work requirements may have even more pernicious effects. A core belief among work requirement proponents is that these policies will motivate individuals to move toward greater self-sufficiency and well-being through work.<sup>6</sup> However, **most individuals and families receiving public benefits are already working** or have worked recently. This means that **requirements merely add demands on people's attention**, rather than creating slack in their lives. For example, the vast majority of households who use the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) with a working-age, able-bodied adult have at least one member who works.<sup>7</sup> In a U.S. Census Bureau survey of SNAP recipients, only 0.3% of respondents ages 18-49 said that they are not working because they are not interested in doing so, by far the least frequent response.<sup>8</sup> Additionally, most Medicaid recipients in the labor force who aren't working say it is because of a work-related reason, such as an irregular schedule or seasonal work. Another 15-20% of Medicaid recipients who aren't working cite reasons that limit their ability to work, such as health issues or caregiving obligations.<sup>9</sup>

These data illustrate another important point about individuals living in chronic scarcity. Individuals and families who receive public benefits but are not working often have a good reason for that, such as health concerns, the availability of seasonal jobs, or needing to do uncompensated work like caring for a family member. Likewise, individuals using these programs may have volatile work schedules—it is estimated that about 10% of the national workforce is assigned to irregular and on-call work, and that an additional 7% of the workforce work split or rotating shifts. Workers making under \$22,500 per year (i.e. those most in need of public benefits) are more likely to have an irregular work schedule.<sup>10</sup> Researchers at the Brookings Institution's Hamilton Project illustrated the fluctuating labor force participation rates of Medicaid recipients. Looking at a single-month snapshot of Medicaid participants, 39% of the participants were out of the labor force. However, when taking a more holistic, two-year look at this same population, 29% of them were out of the labor force; Medicaid recipients are entering and exiting the labor force with some frequency.<sup>11</sup>

**Despite this real-world volatility, work requirements are generally rigid, and make it difficult for families living in chronic scarcity to comply even when they are working.** Many work requirements mandate a specific number of hours in a month for a household to work, with penalties for each month in which the household does not comply. This rigidity is fundamentally misaligned with the jobs that individuals living in chronic scarcity hold.

The inflexibility of monthly work requirements does not account for the fact that benefit recipients may have more urgent demands on their time, or little control over their work schedules. **Fewer requirements for public benefits would create slack in the everyday lives of individuals living in chronic scarcity,** and would build in a cushion of time, money, attention, and other critical resources—prerequisites for escaping poverty. Instead, work requirements intensify scarcity by imposing rigid deadlines, and by not accounting for other responsibilities or irregular

work schedules. People who rely on benefits may find themselves scrambling to find additional work or other eligible activities to fulfill their requirements, or be forced into noncompliance for the month.



## Work requirements malign and disempower

Living in poverty in the U.S. carries significant stigma. Behaviorally informed policies not only have to reduce the costs of poverty and increase slack, but also have to mitigate stigma by reframing programs and empowering the people who use them. Rather than reframing and empowering, however, work requirements malign and disempower people.

### Work requirements drive a misleading narrative

The supposed goal of work requirements is to encourage people to work for a living. Some policymakers fear that without such constraints, people would simply live off of their benefits without working (even though there is ample evidence to show this is not the case). This belief is rooted in a misunderstanding of economics and ignores how people actually make decisions about work. Policymakers sometimes imagine that people will work until they meet a target income, and then stop. Under this way of thinking, people imagine that each dollar of benefits is met with a commensurate reduction of work.

**But empirical studies suggest that people actually make decisions based on specific trade-offs associated with taking a new job, working hard for a promotion, or taking on more hours.**

Economists call this “making decisions at the margin.” We weigh the time and effort of more work against the potential benefits of more money, and make decisions based on that trade-off. Notably, people living in poverty often make more “rational” decisions when weighing these types of trade-offs, albeit with attendant cognitive costs. Having limited resources means that you have to carefully guard those resources and weigh the benefits and costs. Experimental studies have demonstrated that people in poverty are less likely than those with more resources to make cognitive errors when comparing the costs and benefits of different activities.<sup>12</sup>

This way of looking at the world suggests that receiving government benefits will have a small effect on how much people work—and research supports this view.<sup>13</sup> When people receive government benefits without strings attached, the overall employment rates and total hours worked stay generally stable. For example, since 1982 all residents of Alaska have received an annual cash dividend from the Alaska Permanent Fund, and despite this “free money,” aggregate employment has stayed steady and part-time work has slightly increased.<sup>14</sup> Similarly, a randomized study on providing free access to Medicaid found that getting that benefit had no effect on labor participation.<sup>15</sup> Across a variety of contexts, including experimental tests of welfare programs, and the distribution of casino dividends in Native American communities, **research shows that increasing people’s income by 10% only reduces their work on average by 1%.**<sup>16</sup>

## Narratives matter

Given these findings, why do so many of us still believe that people need to be forced to work? At least part of this can be explained by a widespread false moral narrative about people living in poverty that casts people who use public programs as deficient and in need of policing. This narrative is more than untrue—it's harmful to program participants and the people who support them.

The activist Ai-Jen Poo and social psychologist Eldar Shafir note that dominant narratives of poverty “oversimplify the structural forces that drive poverty in America by assuming that an individual is entirely responsible for their economic situation and disregarding the very real and vast array of factors that contribute to any individual’s circumstances, including access to affordable housing, safe neighborhoods, quality jobs, social connections, effective schools, and nutritious food, among many other things.”<sup>17</sup>

### **Specifically, they note three dominant and FALSE moral narratives around poverty in the United States:**

- ✖ **The poor are individually and solely responsible for their circumstances**
- ✖ **Those living in poverty lack the agency to manage their lives**
- ✖ **Exceptional rags-to-riches stories show that people can move out of poverty with hard work.**

### » **Dominant Narratives of Poverty...**

*...“oversimplify the structural forces that drive poverty in America by assuming that an individual is entirely responsible for their economic situation and disregarding the very real and vast array of factors that contribute to any individual’s circumstances.”*

—Ai-Jenn Poo and Eldar Shafir

Each of these narratives are further complicated by other social forces and related cultural narratives, especially racism and sexism. In combination, they have had a powerfully pernicious impact on our collective approach to social policy—with large segments of our society deemed undeserving or untrustworthy, and being treated as such.

Policies that take benefits away from people who do not meet a work requirement substantially reinforce these harmful narratives. Adding work requirements to public programs presumes that people who rely on public assistance need to be forced to work because they won’t choose to do so on their own, and that a shove toward employment will put them on a path towards future prosperity. This notion is demonstrably false, as **most people using public supports already want to work, and most already are working.** Unfortunately, this faulty framing is widely held, reinforces false assumptions, and is detrimental to participants’ success.

Program framing is particularly important because people do not navigate public benefits programs alone; they interact with program staff and administrators whose own beliefs and behaviors are shaped by the moral narratives embedded in those programs and in the culture at large. Research shows that the attitudes of teachers, mentors, and staff can dramatically affect an individual's success. One analysis found that about 30% of a student's performance comes from the attitudes that their teacher holds. Essentially, the way that teachers think about students and their capacity has a massive impact on what the student ends up achieving.<sup>18</sup>

Federal benefits programs similarly rely on front-line staff to produce beneficial outcomes for participants. Caseworkers, eligibility workers, and other staff members don't just assess whether an individual is eligible for benefits, they also directly or indirectly support them in building their skills and moving toward employment. In the same way that teachers' internal narratives affect student performance, the efficacy of the service these caseworkers provide will be shaped by their internal narratives about the people they serve. **Work requirements inherently enforce the narrative that people using public programs need to be policed**, and if you believe that they require surveillance rather than coaching, how effective can you be as a job coach?

Even if these narratives aren't embedded in a program's workforce to begin with, they end up shaping caseworkers' behavior once work requirements are implemented. When caseworkers are required to account for every hour that their clients spend working, they have less time to provide them with authentic support. By imposing a false and harmful narrative on clients and caseworkers and reshaping the interactions they have, **work requirements erode relationships that could actually help lift people out of poverty, and transform potentially supportive services into a mere accounting exercise**. Arkansas has not offered individuals any support in complying with its Medicaid work requirements, and has instead relied on the already-burdened Department of Workforce Services to provide limited support without any additional resources.<sup>19</sup> While individual case managers do not oversee work requirements in Arkansas, the lack of support to help Medicaid participants meet work requirements reflects the false narrative that individuals must be forced into the workforce, and then forces them to do so without any additional support or guidance. It is unsurprising, then, that so many people have been pushed off Medicaid as a result. We should expect the same in any state that creates new and difficult requirements, especially when they provide no new supports to help meet them. In short, we can expect that work requirements are tantamount to a massive stripping away of critical benefits with no positive social impact in return.

# >> CONCLUSION

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**B**ehavioral science shows that work requirements are misguided. They dramatically increase the cognitive costs of participating in a program, remove slack from the already complex lives of people living with low incomes, and create program-level interactions that are disempowering. In sum, work requirements won't work, and are likely to have significantly negative side effects.

If policymakers truly want to encourage the participants of public benefits programs to increase their labor market participation, there are much better ways to support employment:

- ▶ **Expand effective employment and training programs that meet clients where they are:** Effective programs provide substantial and ongoing support to participants, including providing additional resources to help them meet their basic needs when they face hard times. These programs may seem costly, but the investments make a difference, including for participants with significant employment barriers.
- ▶ **Subsidize (or provide) child- and elder care:** For many people, working at a job means not being able to care for a child or elderly relative. Programs that help make care more affordable will allow more people to work.
- ▶ **Increase take-home pay:** Far too many jobs do not pay a living wage. Increasing pay—through higher minimum wages, additional income support, improved collective bargaining power, or additional education and training—will allow more working people to fully provide for themselves and their families through work.

What these strategies don't address, however, are some more fundamental questions:

- ▶ **Should the basic supports necessary to live be contingent on labor market participation?**
- ▶ **What kind of nation do we want to be and what do we value?**
- ▶ **Is it justified to take away someone's health insurance or food or housing assistance or income support because they get fewer hours than they expected at work?**
- ▶ **Is it so important to us that nobody "games" a system that we're willing to deprive thousands of people of food and basic supports?**

The behavioral perspective is clear: if we want to support people in building a better life, **work requirements simply won't work.**

## Behavioral Challenges Within Arkansas Medicaid

**On June 1, 2018 Arkansas implemented work requirements in its Medicaid program.<sup>20</sup> Under the Arkansas Works program, Medicaid enrollees ages 30-49 without an exemption must complete 80 hours per month of job-related activities (including work, school, volunteering, and/or up to 39 hours of job searching).<sup>21</sup> In 2019, adults ages 19-29 will also be required to fulfill the work requirement.<sup>22</sup> If enrollees do not meet this requirement for three months, they are kicked off the program and lose their health insurance for the rest of the year. In March 2019, a federal judge in Washington issued a ruling that halted the implementation of work requirements in Arkansas. However, state and federal officials have indicated a desire to continue exploring the addition of work requirements to Medicaid.**

Once the work requirement went into effect, it became very clear that Medicaid recipients subject to these work requirements would face many barriers to maintaining coverage. In the first few months, these policies caused thousands of participants to lose their insurance coverage. In August 2018, only 1,200 of the 20,000 people in Arkansas that were required to report their working hours actually did so.<sup>23</sup> Since the policy was implemented, over 18,000 individuals have had their Medicaid coverage taken away.<sup>24</sup> As we'll see below (and in the graphic on page 14), almost every element of Arkansas Works is designed and implemented in a way that compounds the negative effects of chronic scarcity.

**Acquiring information about the requirements is costly.** In order to meet the work requirement, clients have to know that it exists and understand what is required of them. However, there is strong evidence to suggest that many clients are not aware of the requirements. In interviews with 18 Medicaid recipients in Arkansas, 75% had not heard anything about the work requirements in mid-August 2018, nearly three months after they went into effect. Only four of the nine interviewees subject to the requirement were sure they had received a letter notifying them of the work requirement.<sup>25</sup> Feedback from state-level organizations also indicates that there were significant challenges in reaching Medicaid recipients. The state of Arkansas indicated that the open rate on emails notifying Medicaid recipients of the requirement ranged from 20-30%,<sup>26</sup> and the president of the Arkansas Foundation for Medical Care, which ran a call center to reach out to recipients to advise them of the requirements, said that many people did not answer their phones, or could not be reached by phone or mail at all.<sup>27</sup> These data indicate that a substantial proportion of clients subject to the work requirement weren't even aware of its existence.

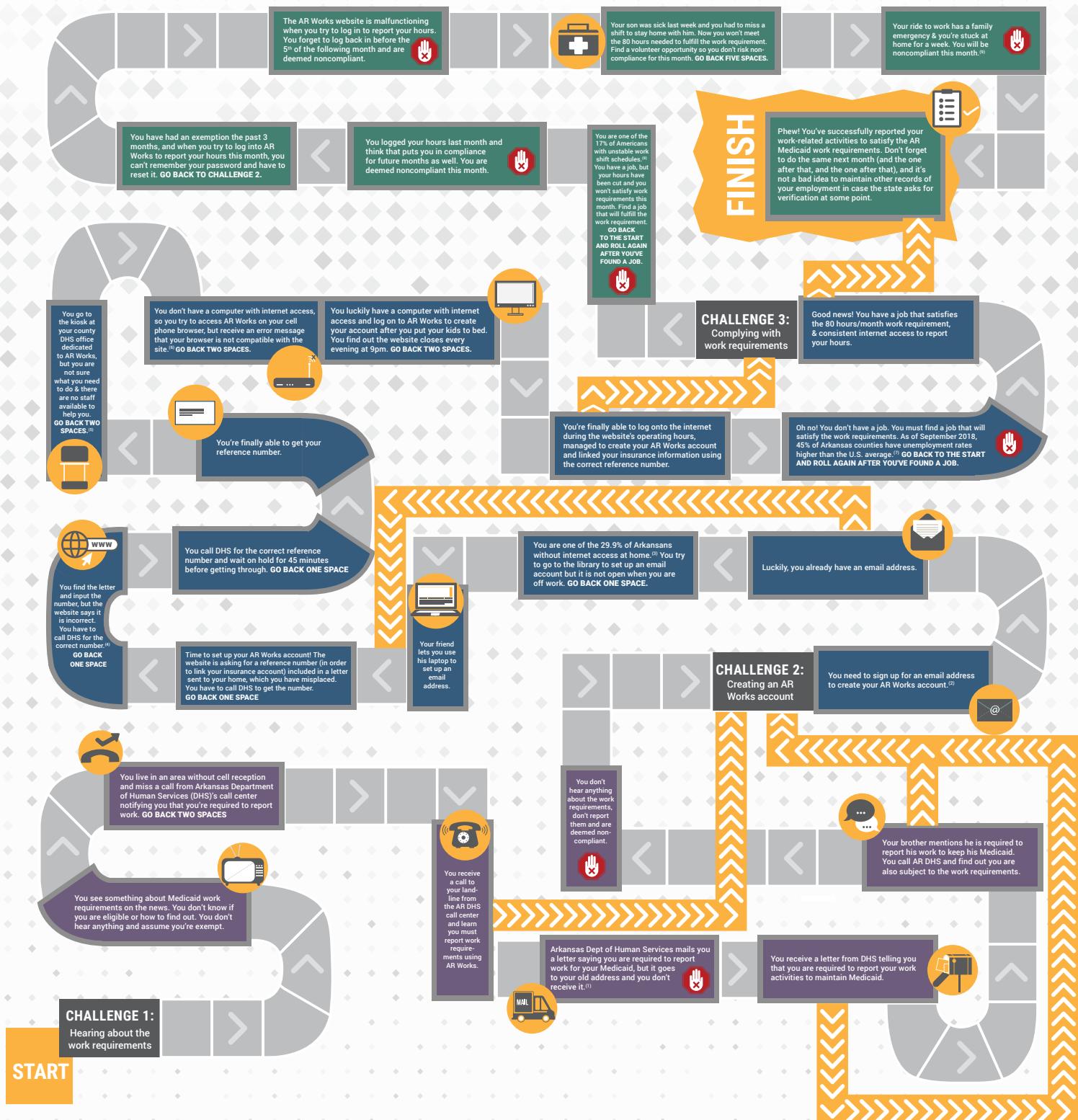
**Complying is hassle-filled.** Arkansas provides no additional employment assistance to individuals who must meet the requirement to maintain coverage. If a client is not employed, it is up to them to find a job, enroll in school or find a volunteer placement with very limited support.<sup>28</sup>

If a client is working in a way that satisfies the requirement, they have to report their compliance. The reporting process is full of hassles that are likely to increase drop-off. In Arkansas, Medicaid clients subject to the work requirement must self-report their hours by the fifth day of the following month.<sup>29</sup> Clients are required to report their hours and earnings online using the Access Arkansas website. This means clients must have internet access, a connected device, and enough computer literacy to use the website (and troubleshoot if needed). Furthermore, the website closes every night between 9PM and 7AM, the very hours when someone working full time during the day would most likely be able to use the website, meaning that those who are working during the day have additional hurdles to reporting their work.<sup>30</sup> The website itself is complex, with multiple areas to log in for different programs and technical language that is hard to understand, especially for people with limited computer literacy. Glitches with the website, compatibility issues on mobile devices, and service outages during working hours have also been reported. Messages left on the help line go unreturned.<sup>31</sup> The reporting requirements to receive Medicaid in Arkansas are a significant hassle. That hassle is likely to have caused participants to lose their coverage, even those who did everything right to meet the work requirements.

# CAN YOU KEEP YOUR MEDICAID IN ARKANSAS?

Work requirements make keeping healthcare coverage a roll of the dice for busy Arkansans.

Can you make it all the way through the process to report your work? Roll and move your way from start to finish. If you hit a red hand icon, you've failed to comply for the month and have to go back to the start. Remember, if you are out of compliance for just three months in the year, your health insurance gets taken away.



(1) Low-income populations consistently report higher rates of residential mobility than other populations. [https://www.jstor.org/stable/10.1086/673963?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/10.1086/673963?seq=1#page_scan_tab_contents)

(2) According to the Pew Research Center, 15% of Americans making under \$30k/year, 31% of Americans without a high school diploma, and 13% of Americans with only a HS diploma do not use email. (<http://www.pewinternet.org/2012/04/13/digital-differences/>)

(3) [https://nces.ed.gov/programs/digest/d17/tables/dt17\\_702.60.asp?current=yes](https://nces.ed.gov/programs/digest/d17/tables/dt17_702.60.asp?current=yes)

(4) Conversation with Kevin delLiban

(5) Conversation with Kevin delLiban

(6) Conversation with Kevin delLiban

(7) <https://data.bls.gov/timeseries/LNS14000000>, <https://www.bls.gov/lau/home.htm#cntyaa>

(8) <https://www.epi.org/publication/trends-in-work-hours-and-labor-market-disconnection/>

(9) The Urban Institute estimates that 5-6% of nonexempt Arkansans do not have access to a vehicle. ([https://www.urban.org/sites/default/files/publication/98483/2001846\\_2018.05.23\\_arkansas\\_medicaid\\_finalized.pdf](https://www.urban.org/sites/default/files/publication/98483/2001846_2018.05.23_arkansas_medicaid_finalized.pdf))

## **Behavioral Problems with the ABAWD Requirement in Massachusetts**

**Many of the costs in the Arkansas Works program are also evident in other programs with work requirements. While Arkansas Works was created because the state sought a specific waiver to implement the requirement, states that have been forced to implement work requirements by the federal government struggle with similar challenges.**

One such example is the eligibility requirements for Able-Bodied Adults Without Dependents (ABAWDs). In a 36-month period, ABAWDs are only eligible to receive SNAP benefits for three months if they are not working and can only receive benefits beyond the three months if they are working an average of 20 hours per week or are enrolled in job training for 20 hours per week. We've chosen to discuss the requirement in Massachusetts below not because it is an outlier, but because it is a fairly representative example of the ways that requirements that may look simple on paper are inevitably complex and affect the most vulnerable clients.

As a result of an improving economy, in 2016 Massachusetts no longer qualified for a statewide waiver of this federal requirement. As a result, the federal requirement that some individuals work a minimum number of hours to receive SNAP benefits went back into effect in parts of Massachusetts. As with Arkansas Works, Massachusetts SNAP participants first have to learn about, and understand, the requirement in order to comply with it. While the Massachusetts Department of Transitional Assistance (DTA) created materials to educate clients about the requirements,<sup>32</sup> the complex structure of the SNAP requirements makes it difficult for an individual to determine whether they are subject to them. Even if an individual isn't subject to the requirements, proving that they're exempt presents its own challenges.

**Complex rules about who is and is not subject to the requirement aim to protect vulnerable individuals, but they increase cognitive costs.** Clients can be exempted because of caring for children, a disability, or high unemployment in the area in which they live. The exemptions are complex, particularly the geographic exemptions: clients must keep track of whether their current zip code falls into an ever-shifting list of exempted locales, and the same client might face different requirements depending on which town they live in.<sup>33</sup> Medical exemptions generally require a form to be filled out by a healthcare provider,<sup>34</sup> which often means an extra trip to the doctor's office or clinic (assuming they can get an appointment). These exemptions are fundamentally beneficial; they help clients in economically disadvantaged areas maintain the benefits they need to put food on their tables. However, the onus is on the individual to prove and keep track of their exemptions, which requires a great deal of cognitive bandwidth. We have already seen that living in scarcity can make additional cognitive bandwidth hard to come by.

**Keeping track of countable months is complex.** Once aware of their requirements, people subject to the ABAWD time limit must work in a way that complies with the program requirements. Again, this is complex. Essentially, you have to work at least 80 hours in a month to remain eligible for SNAP. You can miss this requirement for three months in a fixed three-year period, and while these three months of slack are useful, they come at an additional cognitive cost. In order to know whether you will continue to be eligible after a given month, you need to keep track of when the three-year period began, and of how many months within that period you have already met (or not met) the requirement. And, as if these tracking responsibilities weren't taxing enough, they don't even account for how much work is available.

The requirement assumes that people have far more control over the number of hours they work than they actually do—and that their hours are consistent over time. Consider a client who starts a job on the 15<sup>th</sup> of the month and works 20 hours per week for the next five weeks, 10 hours for the next three weeks and 20 hours for the next two weeks. Even though they would have worked for 12 weeks straight, they would have used up their three-month time limit because they would not have received sufficient hours to meet the work requirement. For a program participant subject to a work requirement, these complex rules create a huge bandwidth tax. It isn't enough to work as many hours as they can, instead they have to track their time according to an arbitrary monthly requirement. For most workers, shifting a few hours between months is hardly easy; it means bargaining with bosses or coworkers to change shifts or schedules.

**Reporting requirements are onerous.** Even if clients have fully complied with the requirement, they still have to prove it, and this means bureaucracy and paperwork. The DTA website lists at least five forms that can be used for different circumstances, ranging from claiming an exemption due to homelessness to reporting community service hours in lieu of paid work.<sup>35</sup> As in Arkansas, there is a lot to prove and the onus is entirely on an individual to collect signatures, verification documents, and other paperwork to prove compliance. The hassles are significant, and they are likely to be most challenging for the clients with the most need.

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