



## NEW STATE-BY-STATE REPORT: Medicaid Work Requirements Threaten Up to Half a Million Jobs and Could Drain State Economies by \$59 Billion in 2026 Alone

### Study Finds Proposed Changes Would Leave Millions Uninsured, Shrink State Budgets, and Undercut the U.S. Workforce

Proposed Medicaid work requirements could significantly reduce access to health coverage and trigger deep economic losses, while failing to increase employment, according to a new report from the Commonwealth Fund and the George Washington University Milken Institute School of Public Health. The analysis projects that up to 5.2 million adults nationwide could lose Medicaid coverage in 2026, leading to sharp reductions in federal Medicaid funding for states. These cuts would translate into as much as \$59 billion in lost state gross domestic products (GDPs) and the elimination of up to 449,000 jobs across multiple industries.

The report, *How National Medicaid Work Requirements Would Lead to Large-Scale Job Losses, Harm State Economies, and Strain Budgets*, provides state-by-state estimates of projected coverage losses, job reductions, and declines in GDP and tax revenue across all 50 states and the District of Columbia. It comes as Congress weighs federal budget legislation that could bring major changes to Medicaid. Among the proposals under discussion are a nationwide Medicaid work requirement for adults ages 19 to 55 without dependents — who gained coverage through the Affordable Care Act's Medicaid eligibility expansion — and a reduction in the federal matching rate for the District of Columbia's Medicaid program. These proposals are part of a broader effort to reduce the federal deficit by identifying at least \$880 billion in savings over the next decade, with Medicaid expected to absorb a significant share.

### KEY FINDINGS

The analysis shows that if work requirements are implemented, the nationwide consequences could include:

- **Millions Losing Their Health Insurance:** Between 4.6 million and 5.2 million adults would lose Medicaid coverage in 2026 — largely due to confusing paperwork barriers, not unwillingness to work.
- **A Sharp Fall in Medicaid Funding:** Medicaid expansion states and the District of Columbia would lose between \$33 billion and \$46 billion in federal funds in the first year alone, and up to \$504 billion over a decade.

**FOR  
IMMEDIATE  
RELEASE**

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*The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.*

- **Hundreds of Thousands of Jobs Put at Risk:** Projected funding losses are estimated to eliminate between 322,000 and 449,000 jobs, including up to 206,000 in health care and over 242,000 across other industries such as retail, food service, and construction.
- **Significant Declines in GDP Across States:** Combined state-level GDP could decline by \$43 billion to \$59 billion in 2026 due to lost spending and economic activity.
- **Steep Declines in State and Local Revenues:** Governments would see \$3.2 billion to \$4.4 billion less in tax revenue because of job and business losses — straining state budgets already under pressure.
- **Negative Impacts Even in States That Have Not Expanded Medicaid:** States that opted not to expand Medicaid — like Texas and Florida — would still experience economic spillover losses from reduced demand and supply chain disruptions. Texas alone could lose up to \$564 million and as many as 3,900 jobs, even without direct cuts to its Medicaid funding.

The report also examines a separate proposal to lower the federal Medicaid matching rate for the District of Columbia from 70 percent to 50 percent. This change alone would result in a \$712 million funding loss for the District and eliminate 7,300 jobs across D.C., Maryland, Virginia, and neighboring states.

## THE ECONOMIC RIPPLE EFFECT OF WORK REQUIREMENTS

Medicaid work requirements would lead to millions of Americans losing their health coverage, which means states would receive less federal funding tied to enrollment. That funding loss would ripple through state economies: providers cut staff and services, vendors lose business, and industries like retail, construction, and food service shed jobs. As incomes fall, consumer spending declines, tax revenues drop, and public budgets come under strain.

## HOW WE CONDUCTED THIS STUDY

At this point, Congress has not revealed specific proposals to cut Medicaid spending. The report explored the potential impact of two proposals under discussion: 1) a nationwide Medicaid work requirement plan for adults ages 19 to 55 who are eligible under ACA eligibility expansions, and 2) a proposal to cut D.C.'s federal matching rate from 70 percent to 50 percent. Based on estimates of the federal funding that would be lost to each state under the proposals, the researchers assessed the effect of cuts in federal funding using IMPLAN, a widely used economic modelling system, to estimate state-level economic and employment losses, including reductions in state and local tax collections.

**The full report is available here:**

<https://www.commonwealthfund.org/publications/issue-briefs/2025/may/medicaid-work-requirements-job-losses-harm-states>

## FROM THE EXPERTS

**Leighton Ku**, lead author and Director of the Center for Health Policy Research and professor of health policy and management at GWU's Milken Institute School of Public Health

*“Medicaid is a powerful economic engine. When you cut it, the damage ripples out far beyond the health sector. Our analysis shows that Medicaid work requirements would lead to hundreds of thousands of job losses and state economies losing billions. These cuts wouldn't promote employment — they'd do the very opposite.”*

**Sara R. Collins**, Commonwealth Fund Senior Scholar and Vice President for Health Care Coverage and Access

*“Work requirements don't increase employment — they trigger coverage losses. They push people out of Medicaid not because they aren't working, but because they can't navigate complex paperwork and reporting rules. The result is more uninsured Americans and greater strain on families and the doctors, clinics, and hospitals they depend on.”*

**Joseph R. Betancourt, M.D.**, Commonwealth Fund President

*“As a physician, I've seen how essential Medicaid is for people managing chronic conditions and trying to stay healthy. The evidence is clear — these work requirement proposals would leave millions without coverage and increase the burden on already-overstretched health providers in every state. While improvements to Medicaid are welcome, undermining Medicaid through work requirements and cuts will take us in the wrong direction. They are a direct and serious threat to the health of millions of American families.”*