

Medicaid helps low-wage Iowa families stay afloat

Erecting harsh bureaucratic barriers to care will increase hardship

When state leaders launched Medicaid's Iowa Health and Wellness Plan a decade ago, they made it possible for thousands of low-income adults to see a doctor, get medications, and go to the hospital — essential health care that helps them get to work and take care of their families.

An expected legislative proposal would reverse some of these gains by setting up onerous bureaucratic hurdles — rigid work verification rules — that many would struggle to comply with.

Low-income Iowa families are already struggling with high prices for food, gas and rent. Taking away their health coverage would be a harsh blow.

We all want to see people get into good jobs, but there's simply no evidence ramping up the red tape they face to keep their health care will help. Instead, we can expect that such proposals will:

Cut eligible people off their insurance

- ▶ In reality, most people on Medicaid who can work do so — in low-wage jobs with no benefits.¹ Others are caring for loved ones or face serious health concerns. Like many Iowans with low incomes, folks on Medicaid are more likely to move frequently, have unreliable internet access and face other barriers that make carefully tracking verification paperwork difficult.²
- ▶ When Arkansas briefly implemented similar rules during the first Trump administration, around 18,000 people lost coverage before the effort was halted by a federal court — not because they weren't eligible, but because they couldn't jump the required bureaucratic reporting hurdles. The state saw no corresponding increase in employment.³

Increase medical debt and financial hardship

- ▶ Making it harder for people to get Medicaid will cause a sharp rise in uninsured rates and, in turn, financial hardship and debt. Even now, thousands of Iowans are facing large medical bills they can't pay. People with medical debt are more likely to have low incomes, report fair or poor health and be uninsured.⁴ Adding new red tape to Medicaid will only make the problem worse.

Strain local hospitals, especially in rural Iowa

- ▶ Expanding Medicaid to low-income adults increased hospital revenue and helped bring down the cost of uncompensated care. The biggest benefits came in rural Iowa, where health institutions tend to operate closer to the margins and are more reliant on Medicaid revenue — and where larger shares of people are covered by Medicaid.⁵ Cutting Medicaid will disproportionately hurt these communities.

Ramp up administrative costs and threaten other health priorities

- ▶ In Georgia, where the state recently expanded Medicaid for some low-income adults and established reporting requirements, 90% of expansion spending has gone to hiring pricey consultants like Deloitte and to creating complex reporting systems — and only a few thousand people have successfully enrolled.⁶
- ▶ Iowa HHS has been drafting big plans to improve mental and maternal health care, which rely in part on Medicaid financing.⁷ Cutting people off Medicaid could set back these efforts. It's also worth noting that the department is not expected to meet a July 2025 deadline to launch

information systems for a set of public assistance eligibility requirements lawmakers approved two years ago.⁸ How ready is it to regularly track work hours for thousands of Medicaid members along with its other important responsibilities?

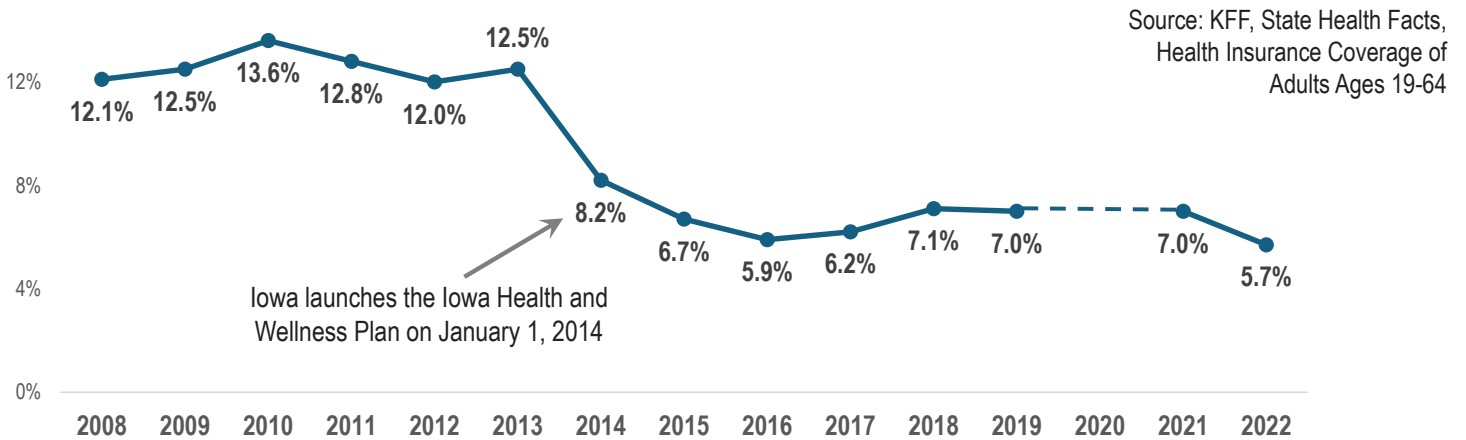
Helping people who can work find decent jobs is good for families and good for Iowa's economy. But taking health coverage away from people who can't meet a rigid paperwork requirement won't achieve that goal. It will just make their lives harder.

Alarm the public

- ▶ Three-fourths of adults — including 63% of Republicans and 81% of independents — hold favorable views of Medicaid, according to a national poll released last month by KFF. Just 13% of respondents said reducing funding for Medicaid is a top health-care priority.⁹

Expanding Medicaid to low-income adults made measurable difference

Share of Iowa uninsured adults, 2008-2022



¹ Madeline Guth, Patrick Drake, Robin Rudowitz and Maiss Mohamed, "Understanding the Intersection of Medicaid & Work: A Look at What the Data Say," KFF, April 24, 2023. Downloaded from <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-work-a-look-at-what-the-data-say/>

² Jacque Whearty, "Administrative Burden: Everyone Pays when Eligible Families Can't Access Public Assistance," Prenatal-to-3 Impact Center, July 2023. <https://pn3policy.org/blog/administrative-burden-blog/>

³ Benjamin D. Sommers, Lucy Chen, Robert J Blendon, E. John Orav and Arnold M. Epstein, "Consequences of Work Requirements in Arkansas: Two-Year Impacts on Coverage, Employment, and Affordability of Care," Health Affairs, Vol. 39, No. 9, September 2020. Downloaded from <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00538>

⁴ Peterson-KFF Health System Tracker, <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/> See also: The Commonwealth Fund, Health System Data Center, <https://www.commonwealthfund.org/datacenter/people-medical-debt>

⁵ Joan Alker, Aubrianna Osorio and Edwin Park, "Medicaid's Role in Small Towns and Rural Areas," Georgetown Center for Children and Families, January 15, 2025. Downloaded from <https://ccf.georgetown.edu/2025/01/15/medicaids-role-in-small-towns-and-rural-areas/>

⁶ Andy Miller and Renuka Rayasam, "Georgia's Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment," KFF, March 20, 2024. Downloaded from <https://kffhealthnews.org/news/article/georgia-medic-aid-work-requirements-experiment-high-cost-low-enrollment/>. See also MaryBeth Musumeci, Elizabeth Leiser and Megan Douglas, "Few Georgians Are Enrolled in the State's Medicaid Work Requirement Program," The Commonwealth Fund, September 11, 2024. Downloaded from <https://www.commonwealthfund.org/blog/2024/few-georgians-are-enrolled-states-medic-aid-work-requirement-program>

⁷ Iowa HHS presentations to the Health and Human Services Appropriations Subcommittee, January 27, 2025 and February 17, 2025. Slides available at <https://www.legis.iowa.gov/docs/publications/SD/1520835.pdf> and <https://www.legis.iowa.gov/docs/publications/SD/1522462.pdf>

⁸ Tom Barton, "Long way for Iowa to go in implementing new asset test for aid: 2023 law sets test for SNAP, Medicaid and other benefits," The Gazette, September 1, 2024. Downloaded from <https://www.thegazette.com/state-gov-ernment/long-way-for-iowa-to-go-in-implementing-new-asset-test-for-aid/>

⁹ Ashley Kirzinger, et al. "KFF Health Tracking Poll: Public Weighs Health Care Spending and Other Priorities for Incoming Administration," January 17, 2025, <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-public-weighs-health-care-spending-and-other-priorities-for-incoming-administration/>