

How the Big Beautiful Bill's Work Requirements Betray Work & Waste Money

Testimony of Robert Gordon, Doris Duke Distinguished Visiting Fellow
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June 25, 2025

Chairman Arrington, Ranking Member Boyle, and Members of the Committee:

Thank you for the opportunity to testify. My name is Robert Gordon and I am Doris Duke Distinguished Visiting Fellow at the McCourt School at Georgetown University. Among many roles in federal, state, and local governments over 30 years, I led the Michigan Department of Health and Human Services in implementing Medicaid work requirements until they were enjoined in 2020. Michigan spent tens of millions of taxpayer dollars to make the program as humane as possible, but even so, more than 100,000 Michiganders, many of them working full-time, [were](#) on track to lose their health care.

Work is central to economic security, civic standing, and the sense of self-worth. Yet H.R. 1's Medicaid and SNAP provisions will force working people into a bureaucratic maze that costs them their jobs, wastes their time, and hurts their health. Instead of fighting waste, the law creates waste. The winner will be powerful private contractors that turn the crank on this bill's red tape machine.

Consider the following. About two-thirds of non-disabled Medicaid recipients [are](#) working—often in physically taxing, low-wage jobs like home health care or construction. Some are among the 20 million Americans who lose their jobs each year. When Americans lose their jobs, the vast majority want nothing more than to find new ones. However, this bill's community engagement requirement will not be satisfied simply by looking for a job, even for 40 hours a week. To satisfy that requirement, unemployed individuals will need to be in school, doing community service, or in a government-approved “work program.” The kinds of government-approved “work programs” this bill requires, through laws like WIOA and TANF, [have shriveled](#) over the last two decades, and even more so since January. This bill adds no funding for them. So while many Americans look for work—a process that [typically](#) takes more than 15 weeks when unemployment is high—they will be cut off of health insurance, unless they get themselves into a government-approved work program that may not exist.

If there was ever a case of wasteful government overreach that undermines individual initiative, self-sufficiency, and work, this bill is it.

Work requirements will make it harder to work in other ways. [Adrian McGonigal](#) was working in a poultry plant, managing his COPD with prescription drugs paid for by Medicaid, when Arkansas enacted work requirements. He told the state as much, but only once—not every month, as the law required. So he lost his insurance. Then he could not afford the medicine for his COPD. Then he got sick. Unable to do his job, he lost it. A few years later, still in his forties, he [died](#).

Mr. McGonigal's death was tragic, but it is not unrepresentative. [Multiple studies](#) find that the expansion of health insurance in the Affordable Care Act saved American lives. Taking insurance from 16 million people will cost American lives. And the bill's cuts to SNAP, including for the first time using work requirements to cut aid to families with children—will likely [mean](#) that many children perform worse in school and in life.

Mr. McGonigal was hardly alone as a working American who tried and failed to jump through the irregular hoops created by work requirements. When Georgia implemented its Pathways to Coverage Medicaid program, [Kelsey Williams](#), a part-time store clerk, simply could not sign up for coverage in an enrollment portal that crashed three times and a phone tree that kept sending her to a voicemail box that nobody seemed to check. [BeShea Terry](#), once a booster of the law on a state website, had her coverage canceled by mistake, even though she had uploaded her work hours.

Some will say these are kinks that states can work out. But if you don't ordinarily attribute superhuman powers to government agencies, please do not do so here. H.R. 1 imposes vast burdens on agencies stretched thin and facing funding cuts. As I learned in Michigan, work requirements make enormous demands on states: newly connecting data systems across agencies, rewiring workflows, rewriting forms, developing and mailing new notices, standing up call centers, engaging in outreach, expanding appeals processes, hiring auditors, and on. The staffs responsible for all of this were in many cases already decimated by departures following the difficult return-to-normal program operations after the pandemic. States that want to do a good job could hire more and spend more, but the deep cuts in this bill may make that impossible. Nobody has ever implemented Medicaid work requirements while also facing budget cuts and the possibility of growing unemployment and increased need. And states will have less time than they need because of the late decision to accelerate implementation so it is just 18 months away. The failures of Georgia and Arkansas will be more norm than exception.

The proposal is premised on two myths. The first is that millions of able-bodied Medicaid and SNAP recipients are doing nothing. As I noted, among working age adults on Medicaid who are not getting disability payments, about [two-thirds](#) are working. Many will lose their health care because they can't get enough hours at certain times—maybe they work in a hotel that closes for the winter, or in a school-based child care that closes for the summer. And more than 90 percent are either working, engaged in caregiving, sick or disabled, or in school. Similarly, among households with children that reported receiving SNAP in 2023 and include a non-disabled working-age adult, more than [90 percent](#) had earnings during the year.

The second myth is that work requirements get people into jobs. Multiple studies find work requirements had [no effect](#) on employment in Arkansas and "[no effect on employment](#)" in the [SNAP program](#) either. People cite the precedent of welfare reform in the 1990s, this bill touches health care and food, not cash, and it offers nothing to help people work. There is nothing here for child care, training, or transportation. They all face cuts instead.

While working people suffer under this bill, one group will benefit: government contractors. Racing to implement vast change on a tight timeline, states will stick with their current vendors. For employment data, some states will use The Work Number from Equifax, which

sometimes costs over \$20 per person per query. Twenty dollars may not sound like much, but with more than [18 million](#) people subject to reporting as often as once a month, we are talking about a vast market opportunity. Georgia paid more than [\\$60 million](#) to Deloitte, the leading system integrator nationwide, for a glitchy system and an advertising campaign that netted fewer than [7,500](#) enrollees out of [240,000 people](#) who might have qualified. That is a contractor payout from taxpayers of \$8,000 per enrollee. No wonder my colleague Jennifer Pahlka calls work requirements “welfare for Deloitte.” Imagine what those 7,500 Georgians, working people all, could have done with an \$8,000 tax credit instead.

Although the bill does not encourage work, it does not lack for incentive effects. Working Americans who want to hang on to what they have will soon need to get online, grab a pen, or go to a government office, and start filling out forms. The [hallmark](#) of this bill, even beyond work requirements, is the expansion of bureaucratic burden. Think of a working mom who is a security guard and raising two kids solo. If she is getting the EITC, she will probably need to file a new precertification for each child, to be developed and implemented by a decimated Internal Revenue Service. If she is getting Medicaid, she will need to establish her eligibility twice a year, not just once. If she is getting marketplace tax credits, she will need to reapply for insurance every year. She will need to fill out additional paperwork for every kind of help.

The governments managing this maze of requirements will be the same ones many of you find fault with all the time. Try as they may, they will not be able to make straight these crooked requirements. That is why CBO [reports](#) the bill will reduce household resources for the lowest-income Americans by an average of \$1600 a year, or nearly 4 percent.

I am aware you may not believe me today. Perhaps you will believe your constituents when you hear from them in the coming years. Thank you for the opportunity to testify.