Medicaid Cuts & the Workforce



Medicaid is health insurance for low-wage workers who aren't offered coverage through their job and can't afford private health insurance. It's a vital source of health insurance for seasonal workers, gig workers, freelancers, people who work shifts, and caregivers. It's also there for people who have been recently laid off and are looking for work.

A healthy workforce is the backbone of our economy. But if Congress cuts \$880 billion from Medicaid, millions of workers and their families will have their health care terminated leaving our workforce weaker.







Workers and their families can't afford Medicaid cuts

- Having reliable health care and coverage helps people to get and stay healthy, and enables them to keep working. Terminating health care for caregivers, gig workers, freelancers, and people who get laid off and are looking for work will only make them sicker and less able to work.
- Medicaid provides access to the health care people need to manage, treat, and prevent health issues, allowing them to continue working. Without Medicaid, many low-wage workers will have no other choice but to leave their job if they get sick or injured and won't have access to any health care.
- Access to Medicaid gives workers freedom to move to new jobs and better opportunities—without worrying about losing their family's health insurance. Medicaid cuts will take away these opportunities.

Potential impacts of federal Medicaid cuts on the workforce & economy in 2026:

477,000 health care jobs eliminated

411,000 other jobs

\$95 billion state GDP losses

\$7 billion drop in state & local tax revenues

Medicaid cuts will eliminate jobs and halt economic growth

- Medicaid keeps the gig and freelance economies strong and growing. 59 million of workers in America (36%)² reported working gig, contract, freelance, or temporary jobs in 2022. Cutting Medicaid means millions of these workers will lose access to affordable health coverage.
- Federal Medicaid dollars fuel employment and economic growth across all sectors in states, including health care, construction, finance, insurance, and retail—among other industries. There's no way to cut \$880 billion from Medicaid without eliminating millions of jobs.
- In order to work, you have to be healthy enough to show up. Adding a work requirement for those who get their health insurance through Medicaid will only punish people fighting cancer and other serious chronic diseases, gig workers and freelancers, caregivers, and people who are looking for work. Terminating their health care will only make them sicker and less able to work.
- It's estimated that a Federal work requirement would cut 449,000 jobs and \$4.4 billion in state tax revenues in 2026 alone³ - leading to a weaker workforce and economy, not a stronger one.





Medicaid is good for small businesses—and their employees

- Many employers don't or can't afford to offer health insurance to their workers.
 Medicaid makes a difference for both small business owners and people employed by small businesses.
- Medicaid gives small business employees and their families access to affordable health coverage while relieving the burden of high health insurance costs on small business owners.

SOURCES:

1. Ku, L., Namhee Kwon, K., Nketiah, L., Gorak, T., Krips, M., & Cordes, J. J. (2025, March 25). How potential federal cuts to Medicaid and SNAP could trigger the loss of a million-plus jobs, reduced economic activity, and less state revenue. The Commonwealth Fund. www.commonwealthfund.org/publications/issue-briefs/2025/mar/how-cuts-medicaid-snap-could-trigger-job-loss-state-revenue

2. McKinsey & Company. (2022, August 23). Freelance, side hustles, and gigs: Many more Americans have become independent workers. www.mckinsey.com/featured-insights/sustainable-inclusive-growth/future-of-america/freelance-side-hustles-and-gigs-many-more-americans-have-become-independent-workers

3. Ku, L., Gorak, T., Namhee Kwon, K., Krips, M., Nketiah, L., & Cordes, J. J. (2025, May 1). How national Medicaid work requirements would lead to large-scale job losses, harm state economies, and strain budgets. The Commonwealth Fund. www.commonwealthfund.org/publications/issue-briefs/2025/may/medicaid-work-requirements-job-losses-harm-states