

# How Welfare Reforms in the OB BB Protect Pennsylvanians

## SUMMARY

Medicaid and the Supplemental Nutrition Assistance Program (SNAP), commonly known as Food Stamps, [were intended to](#) help provide health insurance and food for low-income seniors, families, and disabled Pennsylvanians. Over time, these programs expanded to prioritize healthy, working-age adults without kids. Proposals in the [One, Big, Beautiful Bill Act \(OB BB\)](#) reconciliation bill, now before the U.S. Congress, would refocus these programs back on the most vulnerable, increase incomes for healthy adults, and make systematic changes to reduce extensive waste and abuse.

## BROKEN SYSTEM

**Elevated enrollment amid a recovering economy shows the system is broken.** Medicaid and SNAP enrollment surged during the COVID-19 pandemic. Today, enrollment remains elevated despite the national [4.2 percent unemployment](#) rate.

- Nationally, Medicaid spending grew from [\\$627 billion](#) in 2019 to [\\$919 billion](#) in 2023, and enrollment is still above pre-pandemic levels.
- In the [commonwealth](#), nearly 2 million receive SNAP (up from 1.7 million in 2019) and nearly 3 million are on Medicaid (up from 2.8 million).
  - In percentage terms, SNAP enrollment increased 12 percent, Medicaid nearly 5 percent, while state population increased by just 2 percent since 2019.
- Pennsylvania's Independent Fiscal Office (IFO) projects General Fund Medicaid spending to more than double from [\\$7 billion to \\$15 billion](#) between 2019 and 2029. Today, Pennsylvania Medicaid consumes **one third of the General Fund spending** and nearly 40 percent of the total operating budget.
  - Despite a \$2 billion boost in the governor's proposed budget, the IFO projects spending for Long-Term Living (the portion of Medicaid that serves seniors) to grow [three times faster than revenue](#) in the next five years.
- Another sign of program mismanagement is growing per enrollee costs. The IFO shows per enrollee costs grew 58 percent since fiscal year (FY) 2018–19. In contrast, overall healthcare inflation from 2019 to 2024 was [29.6 percent](#).

## OB BB REFORMS: A START ON SAFEGUARDING MEDICAID AND SNAP

The OB BB includes reforms that **begin to address the rampant waste that limits Medicaid resources for kids and seniors**. The OB BB bans the practice of misusing Medicaid dollars for illegal immigrants and

increases the frequency of eligibility checks to every six months to ensure resources go only to those who are eligible. Here are a few examples of waste under current rules:

- Nationally, [more than \\$1 trillion](#) in improper Medicaid payments occurred during the last decade.
- In 2019, the overall Medicaid improper payment error rate in Pennsylvania was 14.2 percent, which equals [\\$2.3 billion](#). Most of the errors were due to eligibility mistakes.
- Pennsylvania's SNAP improper payment error rate is [16.6 percent](#), equivalent to [\\$725 million](#). If this error rate continues, the OBBB will require Pennsylvania to shoulder 25 percent of the cost or \$1 billion. If error rates go down, Pennsylvania will pay much less—5 percent or about \$225 million—and taxpayers will save billions in erroneous and fraudulent payments.
- The Pennsylvania Auditor General, in an audit of 66 Medicaid cases served by UPMC Health Plan found incorrect payments were made for [eight individuals totaling \\$357,048](#).
- In a 2024 audit, the Office of Inspector General for the U.S. Department of Health and Human Services (HHS-OIG) found [over \\$550 million in improper Medicaid payments](#) for school-based services.
- Many recipients use Medicaid to pay for nonessential treatment. More than a dozen states cover expensive weight-loss medication with Medicaid.
  - Pennsylvania alone is expected to [spend \\$1.3 billion](#) on Ozempic and other expensive weight-loss drugs in 2025.
- With all this waste, it's no wonder we have a [waiting list of nearly 10,000](#) for home and community-services. Higher quality and more frequent verification is essential to combat billions in waste that's keeping traditional, vulnerable Medicaid patients from the services they need.

## **OBBB SETS WORK REQUIREMENTS, DOES NOT CUT SPENDING**

**Every healthy adult will keep their Medicaid or SNAP—unless they refuse to work.** Nationally, an estimated 8 million will lose Medicaid coverage. Most of this is due to the assumption that healthy adults with no disabilities, without kids, and under the age of 64 will not comply with the [work requirement](#).

- The commonwealth has [832,629](#) healthy, able-bodied adults enrolled in Medicaid (more than double the population of Pittsburgh). The annual cost for this population exceeds \$6 billion in state and federal funds.
  - Of these, the Department of Human Services (DHS) estimates that [475,000](#) healthy adults enrolled in Pennsylvania's Medicaid are not working.
  - Gov. Josh Shapiro estimates [300,000](#) of these adults will “lose Medicaid” because of these reforms. This represents about 10 percent of all Medicaid enrollees.
  - Shapiro estimates [140,000](#) will lose SNAP. This estimate also assumes healthy adults will not seek employment. Yet, work requirements have a long history in SNAP. In fact, the OBBB restores work requirements that states, like Pennsylvania, have ignored for more than a decade.
- These adults will only lose Medicaid or SNAP benefits if they choose not to work—or by working, get better health care coverage and increase their incomes beyond SNAP eligibility.

- Medicaid work requirements [in states like Arkansas](#) have resulted in increased employment and higher incomes for families, including many workers moving to employer-provided insurance.
- The federal government [matches](#) 90 percent of dollars spent on healthy, able-bodied adults, compared to 56 percent for other enrollees. This gives states an [incentive](#) to enroll healthy adults at the risk of limiting resources for vulnerable populations that depend on Medicaid.

**The BBB doesn't cut Medicaid spending.** Overall Medicaid spending will still grow by [almost \\$250 billion](#) over the next decade. Only in Washington, D.C. is rising spending called a "cut."

## ADDRESSING COMMON MYTHS

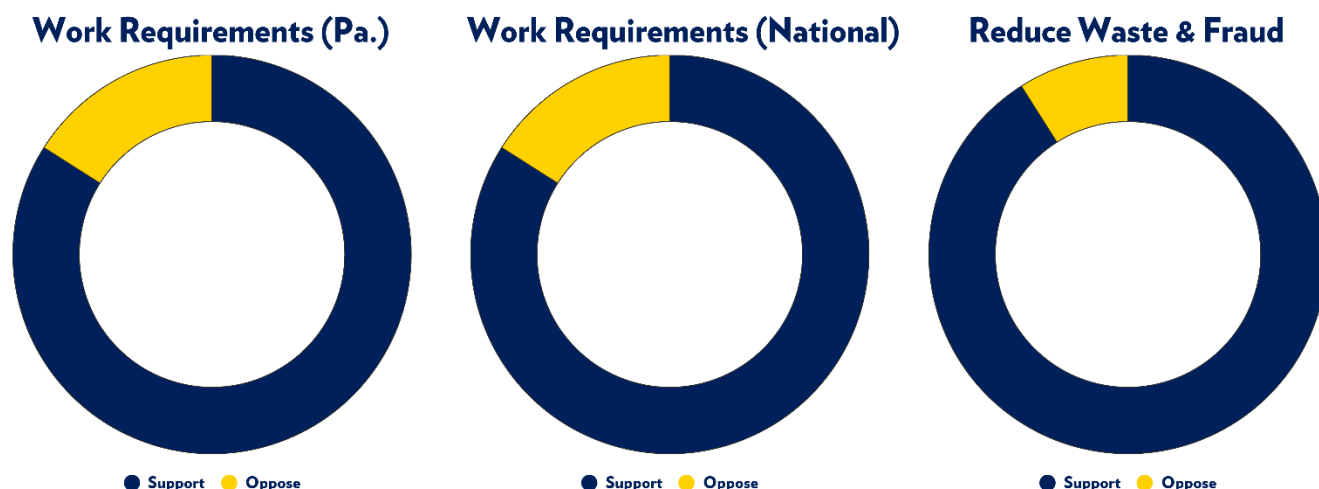
**Myth:** *Voters do not support work requirements.*

**Fact:** *Voters support tackling waste and support work requirements for healthy adults.*

- A Commonwealth Foundation poll reveals that [84 percent of state voters](#) endorse work requirements for healthy adults. Nationally, a March survey finds [91 percent support](#) eliminating waste, fraud, and abuse, and 84 percent back work requirements for healthy adults.

## Broad Support for Work Requirements & Reducing Waste

84 percent support Medicaid work requirements for healthy adults without dependents. 9 in 10 Americans support efforts to reduce waste in Medicaid.



Sources: Public Opinion Strategies, "Pennsylvania Statewide Survey," Commonwealth Foundation, January 23, 2025; Commonwealth Foundation, "Poll Shows Pennsylvanians Demand a New Path Forward from State and Federal Elected Officials," release, January 23, 2025; Paragon Institute, "Paragon Health Policy Survey 2025," March 18, 2025.

**Myth:** *Work Requirements are too costly to administer.*

**Fact:** *Costs to enforce work requirements represent state savings and prevent bankruptcy.*

- According to DHS officials, work requirement enforcement will cost [\\$25 million](#) per year. In context, this is less than one-tenth of one percent of state spending on Medicaid.
- Overall state spending on Medicaid is projected to reach [\\$54 billion](#) in FY 2025–26, including nearly one-third of all state general fund spending. This represents \$17,800 per Medicaid enrollee, among the most of any state.

- Medicaid spending has grown 8.7 percent annually for the past six years, and is projected to grow by 9.5 percent next year, while state revenue growth is only 1.4 percent. Not addressing the growth of Medicaid costs will bankrupt the Commonwealth.

**Myth:** *Work requirements are a radical policy.*

**Fact:** *Work requirements have a history of voter support and bipartisan champions.*

- Pennsylvania lawmakers passed legislation to add work requirements to Medicaid for healthy adults without dependents in 2017 and 2018. In both cases, former Gov. Tom Wolf vetoed those bills, despite widespread support from voters.
- Work requirements were a primary driver of the welfare-to-work reforms championed and signed by President Bill Clinton in the 1990s. Work requirements have also been a key component of SNAP benefits for decades—though governments suspended these requirements following the “great recession” and the pandemic, resulting in higher unemployment and greater dependency on government.

**Myth:** *Most healthy adults on Medicaid work.*

**Fact:** *Current self-reporting practices lead to questions about the data.*

- Research claiming more than 90 percent of healthy adults on Medicaid are working is based on self-reported survey data, which is less reliable than state-reported data. Medicaid is not a well-understood program by the general public. For instance, in 2022 thirty percent of Medicaid enrollees reported they didn’t have Medicaid.

**Myth:** *Medicaid reforms will put rural hospitals at risk.*

**Fact:** *The billions in new spending via Medicaid’s expansion did not slow hospital closures.*

- Pennsylvania hospital closures are on an alarming uptick, with most closures over the last 20 years occurring within the last six years, well after Pennsylvania expanded Medicaid in 2015.
  - In addition, Medicaid expansion did not improve the financial standing of Critical Access Hospitals. Seventeen 17 of Pennsylvania’s rural hospitals are CAHs. Reforms to reduce gimmicks that benefit primarily large urban institutions are unlikely to hurt hospitals.
- Medicaid pays significantly less than private insurance for the same medical care. In Pennsylvania, Medicaid paid hospitals an average of 49 percent of what private insurance paid per day for inpatient care. Expanding Medicaid and making hospitals more reliant on a government program that underpays actually hurts rural hospitals. Instead, moving individuals from government dependence into private insurance coverage would help protect rural hospitals from closing.

**Myth:** *Pennsylvania can’t afford limits on provider taxes.*

**Fact:** *Pennsylvania uses provider taxes in a questionable scheme to get more federal taxpayer money without providing better services or serving more patients. These taxes artificially inflate state and federal expenditures.*