2025 Budget Stakes: Working Families Could Lose Vital Health, Food, and Other Assistance

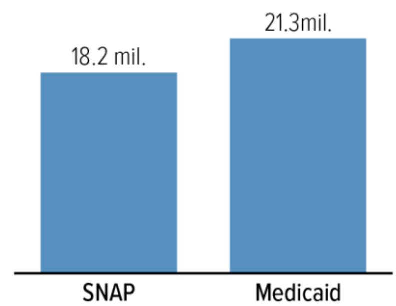
Center on Budget and Policy Priorities

Proposals that Congress could enact this year, including through fast-track "reconciliation" legislation, would take away health coverage and food assistance from working families and individuals, significantly raising their costs for buying groceries and seeing a doctor. This is in addition to those who aren't employed and could lose vital health and food assistance, including when they are in between jobs, have a disability or health condition, or are caring for a sick family member.

Medicaid and SNAP Provide Essential Support to Workers

Some of the most common occupations in the country, including cooks, cashiers, and home health and personal care aides, feature low pay, unpredictable scheduling, and few benefits. Many workers in these jobs, in which Black and Latino workers are overrepresented, use Medicaid or the Affordable Care Act (ACA) marketplace for their health care coverage, the Supplemental Nutrition Assistance Program (SNAP) to help them buy food, and other programs for help with additional critical support, including child care.

Many Millions of Workers Depend on Medicaid and SNAP



SNAP = SNAP figures are for workers in the past year in households that participated in SNAP in the past year.

Medicaid = Medicaid figures are for Medicaid or Children's Health Insurance Program enrollees who worked in the past year.

Source: Based on CBPP estimates using 2023 data from the Census Bureau's American Community Survey

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Roughly 18.2 million people who worked during 2023 lived in households that received SNAP benefits. Approximately 21.3 million Medicaid enrollees worked during 2023 and many millions more workers received enhanced premium tax credits to help pay for ACA marketplace coverage. Taking away these supports would strain their household budgets and could make keeping or getting a job more difficult, such as when someone loses the ability to properly treat a health condition like diabetes or depression.

Workers Could Lose Assistance Through Broad Cuts to Medicaid or SNAP

Significant changes in the funding structures of Medicaid or SNAP, such as reducing or capping the amount of federal Medicaid matching payments provided to states or requiring states to absorb new costs in SNAP, would directly threaten health coverage and food assistance to working families and individuals. Many states would likely respond to large cost shifts by reducing assistance or eliminating coverage for certain groups of people, including low-paid workers and their families. Some states could even decide that with limited resources they need to focus on the lowest-income families, meaning families with earnings losing even more than others.

Many Specific Policies Threaten Assistance for Workers and Their Families

Burdening workers with red tape. Imposing new rigid work requirements for Medicaid or expanding already harsh work requirements for SNAP would threaten to take away health and food assistance not only from those out of work for long periods and from those who are between jobs, but also from those who are working. Low-paid work is often unpredictable, and workers sometimes are not assigned enough hours to consistently meet the minimum required hours under work requirements. Plus, burdensome and confusing work-reporting requirements trip up working people with administrative burden and red tape. That's one of the reasons that studies have generally found that Medicaid and SNAP work requirements don't increase employment but do lead to people losing assistance.

Ending food assistance for working families with limited earnings or savings. A long-time state option known as broad-based categorical eligibility lets states phase out SNAP benefits more gradually as incomes rise so households can take slightly higher-paying jobs and still benefit from SNAP. It also lets states adopt less-restrictive asset tests so families, older adults, and people with a disability can have modest savings without losing SNAP. When President Trump proposed eliminating this option in his first term, his Administration estimated it would terminate SNAP for more than 3 million people, and even more could be impacted now. Even if federal legislation does not end this policy, in the face of large cost shifts to states, many could end the practice, creating new benefit cliffs and harming working families.

Undermining Medicaid expansion. Millions of low-paid workers became eligible for Medicaid through the ACA's expansion of Medicaid to cover more low-income adults. The expansion has increased access to essential health care services for people who previously would have been ineligible for Medicaid and don't have access to job-based insurance. Cutting federal funding for expansion coverage would lead many states to drop or cut back on the expansion, leaving many low-paid workers with higher out-of-pocket costs, fewer choices in doctors, or no access at all to affordable health care coverage.

Raising costs for working people enrolled in marketplace coverage. More than 24 million people, the vast majority of whom have earnings from employment, are paying lower premiums for private health coverage they bought in the ACA marketplaces because of improvements to premium tax credits in place since 2021. If Congress lets these enhanced credits expire at the end of 2025, nearly all marketplace enrollees, in every state, will face significantly higher premium costs. A typical couple making $42,000, for example, will face a $1,550 annual increase. Among those who would be most hurt by this expiration are self-employed workers and small business owners (who made up 28 percent of all marketplace enrollees in 2022), and Black and Latino workers.

Reducing access to child care. Nearly 40,000 children would lose access to child care under proposals to cut the Temporary Assistance for Needy Families program by 10 percent and to completely eliminate the Social Services Block Grant, according to a recent report. While both programs fund various services and assistance for low-income and disadvantaged people, child care represents one of their highest expenditures. The lack of quality, accessible, and affordable child care can be a major barrier to employment, according to numerous studies.

Alternative Path Can Help Workers Succeed

The extreme agenda represented by proposals like these, which would make millions of working people worse off while extending and expanding tax breaks for wealthy households and businesses, is the wrong direction for our nation. A much better path would be to help workers by expanding the Earned Income Tax Credit and the Child Tax Credit, increasing access to child care, and raising the minimum wage.

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