The Systems View: How Work Requirements Create Unpredictable Outcomes

When Arkansas implemented Medicaid work requirements in June 2018, state officials anticipated promoting employment and personal responsibility. What they got instead was 18,000 people losing coverage in ten months—with no measurable increase in employment. When Georgia launched its Pathways program in July 2023, it projected enrolling 50,000 people. After 18 months, enrollment stood at just 6,500—while administrative costs exceeded $91 million.

These weren't implementation failures in the traditional sense. State agencies followed procedures, built technology systems, created exemption processes, and conducted outreach. The problem ran deeper: work requirements create complex adaptive systems where well-designed policies produce emergent behaviors no single actor planned or controls.

Understanding work requirements through a systems lens reveals why the same policy framework generates radically different outcomes across states, why attempted solutions often amplify underlying problems, and where strategic interventions might actually change system dynamics rather than just tinker at the margins.

The Laboratory of Democracy: Three States, Three Theories

OB3 establishes federal requirements but leaves substantial implementation discretion to states. This creates what political scientists call a "laboratory of democracy"—multiple states experimenting with different approaches. But unlike controlled laboratory experiments, these natural experiments occur in dynamic systems where choices interact in complex ways.

Consider three states, each learning from past failures and testing distinct theories about what went wrong:

Georgia's theory: Make verification simple enough and people who can work will document it. After two years of catastrophic results—spending $13,360 per enrollee with more going to technology than healthcare—Georgia radically simplified in 2025. Gone is monthly reporting; now it's annual verification only, with a four-week lookback period. Parents of young children are now exempt. Coverage begins retroactively when applications are submitted. The state is betting that reporting frequency, not work requirements themselves, caused failure.

Arkansas's theory: Eliminate individual reporting entirely, identify non-workers through data matching, provide intensive support through "Success Coaches." Their 2018 disaster—18,000 coverage losses, no employment gains—taught them that reporting requirements themselves drove losses. Now the state uses automated data matching to identify people "not on track" and pairs them with coaches who help navigate barriers. Non-compliance brings suspension, not termination, and coverage restores when people signal willingness to engage. Arkansas is betting that requirements failed because the state treated non-compliance as bad faith rather than capacity barriers.

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Ohio's theory: Automate everything possible, reduce thresholds to achievable levels, invest in genuine support services. Their proposal requires only 20 hours per week, the lowest threshold among active programs—and emphasizes AI-driven data matching to minimize individual documentation burden. Ohio is betting that Arkansas failed from administrative burden and inadequate help, not from requirements themselves.

All three states learned from Arkansas's 2018 challnges. All emphasize support services. All use data matching to reduce burden. All recognize monthly reporting doesn't work. Yet they've designed fundamentally different systems based on different theories about what went wrong and what might work.

The question isn't which state designed better policy. It's what happens when these policies encounter reality—when systems generate emergent patterns no designer anticipated.

Emergent Patterns: What Systems Create

Complex systems produce patterns that aren't designed by anyone but emerge from interactions between components. Work requirements generate at least five predictable emergent patterns, visible across all state implementations regardless of design choices:

Pattern 1: The Documentation Arms Race

States demand documentation to prevent fraud. Community organizations develop templates and services to help compliance. States tighten standards in response to perceived "gaming." CBOs develop more sophisticated workarounds. Verification costs escalate for everyone. Fraud prevention doesn't measurably improve.

Georgia's experience illustrates this perfectly. The state spent over $50 million building a sophisticated online verification system. Applications got stuck at the documentation stage - 42% of interested applicants eliminated before even completing the form in June 2024. The system created a backlog of 14,000 unprocessed applications. The state responded by adding more requirements, more reminders, more checks. Each "solution" amplified underlying complexity.

The result: Administrative burden increased without achieving security goals. The system is optimized for paperwork, not outcomes. Even when Georgia simplified to annual reporting in October 2025, it maintained the 80-hour monthly requirement, preserving symbolic commitment to work while reducing measurement frequency. The compromise reveals the pattern: states struggle to find equilibrium between verification integrity and access burden.

Pattern 2: The Cream-Skimming Cascade

Employers most likely to help with verification are large businesses with sophisticated HR systems. These employers already offer better wages and benefits. Workers in precarious employment, gig economy, small business, and informal sector struggle most with documentation.

Work requirements inadvertently advantage already-advantaged workers. Within the Medicaid expansion population, inequality increases. The policy designed to promote work makes it harder for people in the most precarious jobs to maintain coverage.

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This pattern will intensify in states with strong gig economies. Ohio's 20-hour threshold might seem accessible, but how do DoorDash drivers, Uber drivers, or TaskRabbit workers document variable weekly hours? The state's data-matching approach won't capture this work. These workers will need manual verification—exactly the burden Arkansas's 2018 program proved catastrophic.

Pattern 3: The Exemption Bottleneck

Medical exemptions require physician documentation. Safety-net clinics serving Medicaid populations become overwhelmed with exemption requests. Wait times increase for exemption appointments. People lose coverage while waiting for exemption paperwork. Emergency departments become de facto exemption processing sites.

Georgia's "reasonable modifications" framework attempts to address this—allowing 90-day extensions for disability documentation and adjusted hours with employer verification. But this creates new complexity: Who qualifies for modifications? How do people learn about them? Will caseworkers grant them consistently? Will 90 days suffice for vocational rehabilitation processes that often take months?

The system creates coverage loss not from lack of genuine exemption eligibility, but from inability to document it. Healthcare system dysfunction drives coverage loss, not health status.

Pattern 4: The Navigation Industrial Complex

States recognize people need help navigating complexity. Government contracts fund community organizations to provide navigation. Navigation capacity concentrates in urban areas and well-resourced communities. Rural and under-resourced areas develop navigation deserts. People most isolated from support systems face highest barriers.

Arkansas's Success Coach model represents sophisticated acknowledgment of this pattern. Rather than assuming people can navigate independently, the state is building professional navigation infrastructure. But scale is daunting: potentially 90,000 people need coaching. Where will coaches come from? What's their caseload? What resources can they actually connect people to in rural counties with few jobs?

Even with best intentions, geographic inequality in effective access emerges despite identical state policies. The system sorts people based on proximity to support, not need for it.

Pattern 5: The Churn Economy

Insurers invest in care coordination for high-need members. Work requirements create enrollment volatility. Return on investment for intensive care management decreases. Insurers rationally shift resources toward stable populations. Churning members get lower-quality care even while enrolled.

This pattern undermines the value-based care models that work requirements theoretically support. If the goal is promoting health and employment through mutual obligation, but the mechanism creates instability that degrades both health and insurers' capacity to manage it, the system defeats its own purpose.

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Georgia's retroactive coverage policy, beginning coverage the first day of the month an application is received, attempts to address this. But it reveals the contradiction: administrative processing time shouldn't determine coverage access, yet work requirements inherently create processing-dependent access.

Feedback Loops: When Solutions Become Problems

Systems thinking identifies feedback loops—where effects circle back to influence their causes. Work requirements create several self-reinforcing cycles that explain why well-intentioned reforms often fail:

The Health-Work Spiral

Coverage loss leads to health deterioration, which reduces work capacity, which causes continued non-compliance, which worsens health, and which creates greater work barriers. Each intervention point - employer flexibility, provider care, CBO navigation - is insufficient alone. Breaking the cycle requires simultaneous intervention at multiple points, but no single stakeholder has capacity or authority.

Arkansas's suspension-rather-than-termination approach attempts to interrupt this spiral. By making reinstatement easier, just signal willingness to engage, the state reduces the severity of coverage gaps. But suspension still means no healthcare access during the suspension period. The spiral continues, just at slower velocity.

The Documentation Burden Loop

Complex verification requirements cause people to miss deadlines. States add more reminders and requirements. System becomes more complex. More people miss deadlines. States add penalties. Documentation becomes even more critical. Each "solution" amplifies underlying complexity.

Georgia's evolution from monthly to annual reporting represents recognition that this loop was spinning out of control. The state fought its own dysfunction by doing more of what created the problem - more reminders, stricter verification, additional requirements. Stepping off the escalator by reducing frequency while maintaining requirements reflects learning, but the fundamental dynamic remains, documentation complexity drives compliance failure.

The Stakeholder Coordination Challenge

This loop can spiral either direction. When stakeholders coordinate well - employers helping verification, insurers providing navigation, CBOs offering support, educators reporting enrollment - compliance increases, fewer people lose coverage, system sustainability improves, and more resources become available for support. Success breeds success.

When stakeholders operate in silos - contradictory demands, fragmented systems, unclear responsibilities - frustrated members struggle to navigate, coverage losses mount, the system appears to validate skepticism about "undeserving" recipients, and support services get cut. Failure breeds failure.

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Ohio's emphasis on multi-stakeholder coordination - managed care plans, Department of Jobs and Family Services, grassroots partnerships with food banks and shelters - suggests awareness of this dynamic. The question is whether coordination can be built into system architecture or whether it emerges organically from implementation quality. Early coordination investment determines which direction the loop takes. Once established, the pattern reinforces itself.

The Measurement Problem: What We Track vs. What Matters

Systems create what you measure. But work requirements face fundamental measurement challenges that explain why success is so elusive.

The official metric: Work requirement compliance rates. **The actual phenomenon**: A complex mix of genuine work capacity, documentation ability, system navigation skills, stakeholder support quality, administrative burden tolerance, life stability, social capital, digital literacy, language proficiency, transportation access, and childcare availability.

The policy assumption: The first metric proxies for the second phenomenon. **The reality**: Weak correlation. Arkansas's 2018 experience proved this definitively high non-compliance among people who were actually working or genuinely exempt. They failed the documentation test, not the work test.

Georgia's initial approach optimized for compliance with processes, not underlying reality. The state measured whether people could navigate its verification system, then interpreted navigation failure as work failure. After spending $13,360 per enrollee and achieving enrollment far below projections, Georgia recognized the measurement problem. Annual verification with a four-week lookback attempts to measure actual work patterns rather than documentation capacity.

Ohio's data-matching emphasis theoretically addresses this by measuring the phenomenon directly using existing administrative data to identify who's working rather than requiring people to prove it. But this creates new measurement problems: What about work that doesn't appear in databases? How do automated systems handle edge cases? When AI makes eligibility determinations, who reviews for errors?

Optimization Paradoxes

The measurement problem creates optimization paradoxes, situations where optimizing for one goal undermines others:

Optimize for compliance rates: States simplify verification, which raises fraud concerns, which causes verification to tighten, which reduces compliance rates, which pressures states to simplify again. The cycle repeats.

Optimize for fraud prevention: Documentation requirements increase, which means legitimate workers can't comply, which causes coverage losses to rise, which builds political pressure, which forces requirements to loosen, which returns fraud concerns. The cycle repeats.

Optimize for stakeholder efficiency: Automation increases, which leaves edge cases poorly handled, which surges exemption requests, which creates human processing bottlenecks, which slows the system, which drives more automation to compensate. The cycle repeats.

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States face genuine trade-offs with no optimal solution. Conservative states may accept coverage loss as proof that policy is working, identifying people who don't "deserve" benefits. Liberal states may accept some fraud risk to maintain coverage. Most states will oscillate between priorities as political winds shift and implementation crises emerge.

Leverage Points: Where Small Changes Create Big Impacts

Systems theory identifies leverage points, places where relatively small interventions produce disproportionate results. Not all interventions are equal.

High-Leverage Interventions

Presumptive eligibility during verification: Maintain coverage while documentation is processed. This breaks the health-work spiral by preventing coverage loss during administrative delays. Georgia's retroactive coverage policy partially achieves this - coverage begins when applications are submitted, not when approved. Cost is minimal (short-term coverage during processing), but impact is major (prevents cascade of coverage loss leading to health deterioration). Political feasibility is low because it appears to weaken requirements.

Universal payroll system integration: Automatic verification for W-2 workers, who represent 60% or more of the labor force. This removes burden for the majority while concentrating resources on complex cases. Requires cooperation from payroll processors like ADP, Paychex, and Gusto. Technical complexity is high but solvable. Privacy concerns are significant but manageable. Impact is substantial—removes 60% of reporting burden. Political feasibility is medium because it sounds efficient.

Exemption default for primary care attestation: Simple provider checkbox creates exemption without extensive documentation. This eliminates the bottleneck while leveraging existing clinical relationships. Requires provider participation, which isn't guaranteed. Fraud risk is moderate—providers might over-exempt. Administrative simplicity is high. Impact is major reduction in exemption burden. Political feasibility is medium due to concerns about provider "gaming."

Regional coordination hubs: Multi-stakeholder collaboratives sharing information and aligning processes. This reduces system complexity by creating coordination infrastructure. States with existing regional structures have a head start. Can be funded through Medicaid administrative dollars. Impact is enabling the positive stakeholder coordination feedback loop. Political feasibility is high because it appeals to efficiency.

Continuous eligibility during transitions: Coverage maintained for three months during job changes, moves, and life disruptions. This builds in resilience against system fragility. Federal authority is unclear and may require waivers. Cost is moderate (short-term coverage during transitions). Impact is major and prevents cascade failures. Political feasibility is low because it appears to weaken requirements.

Low-Leverage Interventions

Education campaigns: Arkansas learned this in 2018. People understood requirements but couldn't navigate processes. System complexity can't be solved through education alone. Lots of effort, little system change.

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Call centers without process changes: Georgia experienced this. Answering questions doesn't reduce underlying burden. Call centers couldn't fix website glitches or simplify documentation requirements.

Penalties for non-compliance: Arkansas proved this. Enforcement doesn't address capacity barriers. People weren't avoiding work, they couldn't navigate documentation.

One-off stakeholder partnerships: Individual employer partnerships don't scale to system level without coordination infrastructure. Effects don't spread.

States waste enormous resources on low-leverage interventions while missing high-leverage opportunities because the latter require either federal approval (presumptive eligibility, continuous eligibility) or cross-sector coordination that's politically difficult to build.

State Incentives: Why States Make Different Choices

States aren't neutral implementers. They have their own incentives that shape policy choices and explain variation that looks like design diversity but reflects incentive structure.

Fiscal Incentives

Medicaid expansion states already pay enhanced federal match (90%) for expansion populations. Work requirements risk losing federal match if CMS determines non-compliance with Medicaid objectives. *Fiscal incentive:* Keep people enrolled to maintain federal funding. *Counter-pressure:* Reduce state spending on administrative costs.

Non-expansion states can use work requirements to expand coverage minimally—Georgia's model. They avoid full expansion costs while claiming to help some people. *Fiscal incentive:* Minimize enrollment to minimize state spending. *Counter-pressure:* Provider pressure for expansion, federal matching dollars left on table.

Each creates different system dynamics. Expansion states will implement less stringent requirements to avoid federal disallowance. Non-expansion states may use work requirements as partial expansion alternatives. Georgia's trajectory illustrates this: Pathways was designed as alternative to full expansion, but implementation difficulties are forcing the state to choose between maintaining restrictive program or expanding more broadly.

Political Incentives

States with work requirement political support can point to policy existence as success, minimizing coverage loss data visibility. Incentive: Design stringent requirements signaling commitment but implement poor tracking to avoid bad press. Georgia initially followed this pattern, strong requirements, weaker implementation infrastructure.

States with work requirement opposition face political pressure to minimize harm while complying with federal mandates. Need to document failures for future advocacy. Incentive: Design generous exemptions and robust support services while documenting every implementation problem.

Purple states face competing pressures, likely resulting in muddled middle, neither stringent nor generous, neither well-supported nor well-documented.

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Administrative Capacity Incentives

High-capacity states can build sophisticated systems. Massachusetts, New York, California have technical infrastructure and experienced bureaucracies. Risk: Over-engineering creates new complexity. Incentive: Demonstrate technical competence through complex solutions.

Low-capacity states struggle with basics. Mississippi, Arkansas, West Virginia lack infrastructure. Risk: System failures undermine policy entirely. Incentive: Contract out to vendors (expensive) or delay implementation. Arkansas's 2018 experience showed what happens when low-capacity states attempt sophisticated policy—technological systems failed, communication broke down, oversight was inadequate.

This capacity variation becomes outcome variation regardless of policy design. High-capacity states will build complex systems that might work. Low-capacity states will struggle, making implementation quality—not policy design—the primary determinant of outcomes. Capacity is a reflection of state and local realities and should not be confused with intent or capability for sophisticated design. It is a constraint nonetheless.

Adaptation: Toward What Future?

Complex systems adapt. The question is: **Toward what?**

Work requirements could drive adaptation toward greater efficiency - streamlined verification, better technology, integrated data systems and mature stakeholder coordination. This pathway requires sustained investment and coordination rarely achieved in public programs. **Likelihood: Low.**

They could drive adaptation toward greater inequality - a two-tier system where sophisticated navigators succeed and isolated populations fail, urban-rural divides deepen, cream-skimming accelerates. The system works for some, fails for others. This emerges naturally without intervention. **Likelihood: High.**

They could drive adaptation toward greater surveillance - normalized tracking of daily activities, continuous government monitoring, inter-agency data sharing expansion, eroding privacy norms. Ohio's AI-driven approach points this direction. **Likelihood: Medium**, following from automation logic.

They could drive adaptation toward greater community capacity, strengthened local institutions, mutual aid networks, community navigators as profession, increased social capital. Arkansas's Success Coach model could catalyze this. Requires intentional investment against market incentives. **Likelihood: Low.**

They could also drive wholesale rejection - system dysfunction so severe it drives political reversal, courts strike down requirements, states abandon implementation, return to coverage without conditions. **Likelihood: Medium**, depending on degree of visible harm.

Most likely: Combination of inequality, surveillance, and periodic rejection. The system will sort people into winners (good jobs, documentation capacity, access to support) and losers (precarious work, limited capacity, geographic isolation), while expanding surveillance and generating periodic political crises that produce incremental reforms without fundamental change.

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Georgia's evolution from monthly to annual reporting illustrates this pattern. The state didn't abandon work requirements despite catastrophic results. It adapted toward less frequent measurement (surveillance) while maintaining requirements that create inequality and periodically generate crises requiring further adaptation.

Implications for Implementation

Systems perspective suggests several principles for states implementing work requirements:

Design for adaptation, not perfection. Systems will evolve. Build in learning mechanisms and feedback loops rather than rigid rules. States should plan for revision cycles. Georgia's October 2025 modifications reflect this—the state explicitly learned from two years of failure and built in flexibility through reasonable modifications and Good Cause exceptions.

Anticipate emergence. Unintended consequences aren't accidents—they're predictable system properties. Design with emergent patterns in mind. The documentation arms race, cream-skimming cascade, and exemption bottleneck will occur regardless of policy design. Build systems that accommodate these patterns rather than fighting them.

Invest in connective tissue. Coordination infrastructure may matter more than any single stakeholder capacity. Regional hubs and data-sharing agreements enable positive feedback loops. Ohio's emphasis on multi-stakeholder partnerships reflects this understanding.

Monitor leading indicators. System stress shows up before collapse. Watch stakeholder burden levels, appeals rates, geographic variation in outcomes, exemption bottleneck severity. These signal when the system is approaching breaking points.

Preserve redundancy. Multiple pathways to compliance aren't inefficient—they're system resilience. Single points of failure create catastrophic risk. Georgia's multiple exemption categories, reasonable modifications, and Good Cause exceptions provide redundancy that prevents total system failure.

Plan for cascade failures. Tight coupling means failures spread. Build in buffers—presumptive eligibility, grace periods, suspension rather than termination—and circuit breakers like automatic exemptions during system failures.

Match measurement to goals. If the goal is to increase employment, measure employment—not compliance with reporting processes. Arkansas measured the wrong thing in 2018 and got the wrong outcome. Data matching attempts to measure the right thing but creates new problems when work doesn't appear in databases.

Recognize state variation as feature, not bug. Different states will generate different emergent patterns. This isn't implementation failure; it's system response to different contexts. Learn from variation rather than seeking uniformity. The laboratory of democracy produces knowledge through comparison.

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Conclusion: Systems Create Their Own Reality

Work requirements aren't simply policies that succeed or fail based on implementation quality. They're interventions in complex adaptive systems that will evolve in ways no one fully controls or predicts.

Arkansas and Georgia taught us that well-designed policies with appropriate exemptions and reasonable requirements can still produce mass coverage loss, no employment gains, and administrative dysfunction. The problem isn't that they implemented poorly; it's that complex systems generate emergent properties that overwhelm design intentions.

Georgia spent $13,360 per enrollee and enrolled 13% of projected participants. They followed their plan, built their systems, created exemption processes. The policy failed not because Georgia failed, but because the policy created system dynamics that defeated design intentions. October 2025 modifications acknowledge this - the state isn't trying harder to make the original system work, it's fundamentally redesigning based on emergent patterns from implementation.

Arkansas lost 18,000 people to coverage in ten months with no employment gains despite following federal guidance, establishing exemptions, and conducting outreach. The system optimized for detecting non-compliance rather than facilitating compliance. Their 2025 proposal eliminates individual reporting entirely and adds Success Coaches—fundamental redesign acknowledging that the 2018 approach created system dynamics incompatible with stated goals.

Ohio proposes lower thresholds, automated data matching, and intensive support services; all learning from predecessors' failures. Yet Ohio's approach will generate its own emergent patterns. AI-driven surveillance, algorithmic eligibility determination, and privacy erosion may prove as problematic as Arkansas's documentation burden or Georgia's verification system costs.

As OB3's work requirements roll out across states, we'll witness multiple natural experiments in system dynamics. Some states will achieve greater efficiency through automation. Others will create deeper inequality through uneven support systems. Most will experience some combination of surveillance expansion, community adaptation, and periodic crises forcing evolution.

The distributed implementation model creates possibility of learning from variation, but only if we look beyond individual state "successes" and "failures" to understand the underlying system dynamics that generate outcomes.

The coming years will reveal whether we can build work requirement systems that promote dignity and opportunity, or whether we'll discover that certain policy goals are fundamentally incompatible with the complex realities of modern labor markets, healthcare needs, and human capacity.

That revelation itself may be the most important outcome of this massive natural experiment in social policy. Work requirements may teach us less about work and more about the limits of policy design in complex systems and about which problems can be solved through better implementation versus which problems are inherent to the intervention itself.

This article is part of a series examining work requirements as a fundamental recasting of the American social contract. Previous articles explored the philosophical foundations (Article 1A: The New Social Contract) and stakeholder roles and tensions (Article 1B: The New Stakeholders). Next in the Article 2 Set: Building exemption and verification systems that balance accountability with accessibility.

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