

# **Medicaid Work Requirements: The Impact on Payer Mix, Operating Margins, and Uncompensated Care Costs of Disproportionate-Share Hospitals in North Carolina**

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Medicaid work requirements are a relatively new policy, coming into effect January 2018. While the current literature focuses on coverage loss for Medicaid recipients, this honor thesis examines the impacts of implementing Medicaid work requirements in North Carolina. I examine the effects of Medicaid work requirements on payer mix, operating margins, and uncompensated care costs of Disproportionate-Share Hospitals in North Carolina. Using a quantitative approach with hospital data from the Centers for Medicare and Medicaid Services, this study concludes that work requirements significantly impacts payer mix, operating margins, and uncompensated care costs. The results indicate that work requirements could decrease the Medicaid payer mix by 2% at hospitals. Additionally, my research suggests that operating margins improve between 1.8% and 2.0% while uncompensated care costs increase between 3.3% and 3.4%. The results indicate that while hospital margins could improve with work requirements, the increases would be outweighed by the increases in uncompensated care costs.