



Serving While Sick

The Effect of Trump Medicaid
and Benefits Cuts on Restaurant
Workers & Public Health

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INTRODUCTION

With a subminimum wage of just \$2.13 an hour at the federal level that is a direct legacy of slavery and ongoing source of economic, racial and gender inequity, tipped restaurant and hospitality workers are among the lowest-wage workers in America and have been the workforce least able to afford health care and have thus used Medicaid and food stamps at much higher rates than all other workers over the last several decades.¹ In fact, restaurant workers experience more than double the poverty rate of other workers (16.6 percent compared to 6.6 percent) and use SNAP (food stamps) at nearly double the rate of the general workforce (17 percent compared to 9 percent).² During the COVID-19 pandemic,

to ensure that these workers were able to care for themselves and not spread infection while serving food, the federal government expanded Medicaid, offering health care for millions of restaurant and service workers nationwide.³

Now, even as the cost of living continues to rise, these same restaurant workers earning a subminimum wage have begun to lose COVID-era Medicaid benefits, and millions more are likely to lose their Medicaid benefits from the currently proposed congressional budget reconciliation legislation.

Restaurant workers — especially those earning the sub minimum wage for tipped workers — are on the precipice of a new health care crisis, with grave implications for public health. KFF Health News analysis found 23.3 million people received Medicaid during the pandemic-era emergency expansion of the program, and predicts between 8 to 24 million will lose that coverage as the expansion is cut.⁴ To add to this health care crisis, Congress has proposed legislation to remove Medicaid benefits for another 10.3 million people.⁵ The bill also proposes work requirements that would put at risk the Medicaid coverage of an additional 9.7 million to 14.4 million people by 2034.⁶

These cuts are so draconian that on May 12, U.S. Senator Josh Hawley denounced his party's proposed cuts to Medicaid in *The New York Times*, calling it “morally wrong and politically suicidal.”⁷

One Fair Wage analyzed American Community Survey (ACS) data of restaurant and tipped workers to understand how many are currently on



Medicaid and understand how COVID-era Medicaid expansion affected the industry. One Fair Wage then analyzed the Congressional Medicaid cuts with the number of restaurant and tipped workers on Medicaid to get estimates of how many workers would lose Medicaid from both the first cuts and then the 2034 cuts.



One Fair Wage analysis found that if both COVID-era Medicaid expansion is ended and the current budget reconciliation bill is passed are implemented, approximately 45 percent of the 2.75 million restaurant and tipped workers on Medicaid could lose coverage. This would mean 1.2 million workers in tipped and/or restaurant positions would lose Medicaid by 2034. Since this analysis only looked at the Medicaid reductions as an evenly dispersed loss and could not pinpoint if there was a difference in hours worked of workers on Medicaid compared to those not on Medicaid, these numbers may underestimate the number of workers in the restaurant and tipped industries that would lose benefits in 2034.

Some may point to the ‘No Tax on Tips’ proposal in the currently proposed budget reconciliation bill as a form of compensation for tipped restaurant workers losing their Medicaid and SNAP benefits. Because nearly 66 percent of tipped restaurant workers do not earn enough or live in a household that does not pay income taxes, **this bill may lower taxes for 50,000 fewer workers than the number of workers who will lose their Medicaid benefits.**^{8,9}

KEY FINDING 1

Restaurant workers are both more likely to be on Medicaid and more likely to have benefited from pandemic-era Medicaid expansion than the general workforce

- › **Nationally, 24.42 percent of restaurant workers are on Medicaid**, compared to 12.65 percent of all workers.¹⁰ Since ROC’s 2020 report nationally, restaurant workers on Medicaid increased 6.32 percentage points while all workers’ Medicaid enrollment increased by 4.35 percentage points.¹¹
- › **In New York, 34.55 percent of restaurant workers are on Medicaid**, compared to 19.76 percent of all New York workers.¹² Since 2020, New York restaurant workers on Medicaid increased 9.35 percentage points, while all New York workers’ Medicaid enrollment increased by 6.96 percentage points.¹³
- › **In Illinois, 25.98 percent of restaurant workers use Medicaid**, compared to 12.55 percent of all Illinois workers. Since 2020, Illinois restaurant workers on Medicaid increased 6.58 percentage points,¹⁴ while all Illinois workers’ Medicaid enrollment increased 3.75 percentage points.¹⁵
- › **In Maryland, 26.76 percent of restaurant workers are on Medicaid**, compared to 12.77 percent of all Maryland workers.¹⁶ Since 2020, Maryland restaurant workers on Medicaid increased 7.06 percentage points, while all Maryland workers’ Medicaid enrollment increased 4.47 percentage points.¹⁷

These figures coincide with OFW's most recent survey of workers. That survey found 33 percent of tipped restaurant workers in fair wage states received Medicaid and 37 percent of tipped restaurant workers in subminimum wage states received Medicaid.¹⁸ The survey found 32 percent of tipped restaurant workers in fair wage states and 34 percent of tipped restaurant workers in subminimum wage states had no health insurance.¹⁹



KEY FINDING 2

As many as 1.2 million restaurant and tipped workers could lose access to Medicaid under current legislation.

Approximately 2.75 million people on Medicaid work in restaurants or in tipped positions nationwide, with 1.6 million in non-tipped restaurant positions, 802,000 in tipped restaurant positions, and 324,000 in non-restaurant tipped occupations.²⁰

The 10.3 million people estimated to lose Medicaid before work requirements go into effect represent 14.45 percent of the 71.2 million people currently on Medicaid.²¹ If the 14.45 percent reduction in Medicaid enrollment is spread out evenly, this would mean nearly 400,000 restaurant and tipped workers would lose their Medicaid.²²

Restaurant workers represent nearly all of these workers, with 351,000 losing Medicaid, 120,000 of them being tipped restaurant workers, with the remaining 49,000 losing Medicaid being tipped workers outside the restaurant industry.²³

To determine how many workers may be affected by the requirement to work 80 hours per month to receive Medicaid, One Fair Wage analyzed restaurant and tipped worker hourly Census data to see what percentage reported to have worked less than 21 hours a week. OFW found that 30 percent of tipped workers and 32 percent of restaurant workers work less than 21 hours a week.²⁴ This would indicate that approximately an additional 850,000 workers would lose Medicaid benefits. This would be a combined total of 1.22 million workers. This would mean that possibly 45 percent of current Medicaid enrollees in tipped and restaurant occupations stand to lose this insurance.

KEY FINDING 3

The 'No Tax on Tips' provision of the new Congressional budget reconciliation bill will help fewer tipped restaurant and hospitality workers than the number of such workers who will lose their Medicaid benefits.

The current Congressional budget reconciliation bill both cuts Medicaid benefits for millions and offers 'No Tax on Tips' for tipped workers, as an apparent offering to tipped workers. However One Fair Wage has found that as many as 66 percent of tipped workers would not benefit from a 'No Tax on Tips' bill.²⁵ Since the proposed 'No Tax on Tips' legislation only benefits tipped workers in traditionally tipped positions within the food service

industry, only approximately 1.17 million workers would see a tax break.^{26,27} That is 50,000 fewer workers than would lose Medicaid under the current proposal.²⁸

CONCLUSION

Restaurant and tipped workers face higher levels of poverty and are in greater danger of harm when benefits are cut than the general population. Because they serve the general population food, the threat of nearly half of all restaurant workers who rely on Medicaid losing their health care access must be understood as a general public health crisis, and not a health crisis for these workers alone. From Typhoid Mary to the COVID-19 pandemic, restaurant workers have always faced a higher danger of both contracting illness from customers and also passing on illness to customers. Their inability to care for their own health will thus impact us all.

Fortunately, there is action state legislators can take immediately to address the needs of this population even if the federal government enacts these draconian cuts with severe public health implications. State legislatures can pass legislation to require One Fair Wage — a full minimum wage for tipped workers with tips on top. Ending this legacy of slavery and providing these workers with greater economic stability will improve their ability to cover their own health care costs and protect both their own health and the public health at the same time.

ENDNOTES

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