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The Benefits Strategy You Should Steal From McDonald's and Walmart

Thousands of employees could lose Medicaid coverage if the new working requirements pass in Trump's Big, Beautiful Bill. But it would be a mistake to ignore the program.

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Lawmakers and the public were outraged when a 2020 federal study revealed McDonald's and Walmart—two of the nation's largest employers—weren't paying for most of their employees' health insurance; taxpayers were. The fact that the McDonald's HR team went out of their way to help employees register for Medicaid and other government assistance didn't make them any friends either.

But maybe it's time for small to mid-sized businesses to follow their example.

Harry Nelson, a health care policy attorney and adjunct professor at the University of Southern California, says McDonald's and Walmart "weren't doing anything wrong," they were simply "adept at identifying public resources that ultimately saved them money." The strategy may be controversial, but with big changes potentially coming to Medicaid, Nelson says it would be wise for smaller companies to help workers navigate federal assistance.

Medicaid Changes in Trump's Tax Bill

Millions of Americans could lose Medicaid coverage if the work requirement proposed in the Republicans' H.R. 1 – One Big Beautiful Bill Act, also known as Trump's "Big, Beautiful Bill," comes to pass. The change would require recipients to log 80 hours of "community engagement"—meaning work or community service—per month for "able-bodied Medicaid recipients ages 19 to 65."

Rhett Buttle, senior advisor at the advocacy group Small Business for America's Future, says the changes could cause small business employees to "lose their Medicaid coverage, even if they're working," because "their hours fluctuate." So, employees who don't clock in for the full 80 hours could lose coverage. He also says the change could "introduce instability, like administrative headaches" by requiring employers to verify employees' working hours.

"Medicaid work requirements, while they seem like they may encourage employment in practice, we worry that they would actually harm the very workforce that small businesses rely on," Buttle says. "That makes it harder for small businesses to thrive."

Under the ACA expansion, 2.5 million employees of small businesses gained health insurance coverage through Medicaid between 2013 to 2022, according to federal data. But

employee health will decline if people lose Medicaid coverage under the proposed change, and it will cost employers big time. Every year, poor workforce health costs U.S. employers $575 billion in lost productivity, according to the Integrated Benefits Institute.
"Having stability in the workforce is critical to productivity, and having a workforce that has access to health care means fewer people missing work due to preventable illness," Nelson says.

Relying on Medicaid

Alexia McClerkin, owner of the Houston sports medicine and physical therapy practice Sports and Wellness Doc, understands all too well how much workers and small businesses depend on Medicaid to stay healthy. Despite being in business for nine years, and having a few professional athletes as patients, McClerkin can't afford to provide health insurance to her employees because "it's just too expensive," she says.

Employers pay for the majority of health insurance premiums if they provide coverage. The average cost of health insurance premiums in 2024 rose by six percent to $8,951 for single coverage and $25,572 (or 7 percent) for family coverage, according to the Kaiser Family Foundation.

Higher insurance costs are partially to blame, she says, but her practice is also struggling to get paid. Over time, health insurance companies reduced her provider reimbursements; Medicaid and Medicare don't cover chiropractic exam visits, unbeknownst to patients, who often can't pay, she says. Her staff lets these patients know the first visit isn't covered by government programs, but they also offer them a discount for paying out-of-pocket. And sometimes, professional and college athletes will try to trade treatment in exchange for posting about her practice on social media.

"I can't pay my bills off with an Instagram post," McClerkin says.

Not providing insurance also makes it difficult for small businesses to recruit and retain employees, she adds.