

Medicaid Work Requirements Implementation Series:

A Summary of National Medicaid Work Requirements

The 2025 budget reconciliation bill (H.R. 1), signed into law on July 4, 2025, introduces new work requirements, also referred to as community engagement requirements, for certain Medicaid enrollees. The provision makes continued Medicaid eligibility contingent upon participation in work or other qualifying activities. This policy change has significant implications for Medicaid members, state agencies, health care providers, and managed care organizations.

H.R. 1 mandates that Medicaid members aged 19-64 who are covered through the Affordable Care Act Medicaid expansion or an 1115 demonstration waiver that provides minimum essential coverage must engage in employment, education, a work program, or community service to maintain their Medicaid eligibility.

Medicaid Eligibility in Context

Medicaid, a joint federal and state program, provides health coverage to low-income people, including children, pregnant women, elderly adults, and people with disabilities. Historically, Medicaid eligibility has been based primarily on income and other categorical requirements (such as disability status) without conditions related to employment. While some states have implemented limited work requirements through waiver authorities, the introduction of national work requirements represents a significant policy shift aimed at integrating employment into Medicaid eligibility criteria.

Below are key points to know about new Medicaid work requirements:

Key Facts

1. Implementation Timeline

- **Guidance Release:** The bill requires that the Secretary of Health and Human Services (HHS) provide implementation guidance to states by June 1, 2026, including definitions and clarifications of standards mentioned in the bill text.
- **State Implementation:** States are required to implement work requirements by December 31, 2026, though they may choose to do so sooner through 1115 waivers. The final legislation also [permits the Secretary to grant extensions](#) until December 31, 2028 for states that can demonstrate a good faith effort to meet the requirements.

2. Work Requirements

- **Hours Required:** 80 hours per month of one or more of the following activities: employment; participation in a work program, such as job training; enrollment in an educational program (at least half time), community service activities, or a combination of these activities.
- **Non-waivable:** The work requirements may not be waived via an 1115 demonstration waiver.

MEDICAID WORK REQUIREMENTS IMPLEMENTATION SERIES

With new federal work requirements for Medicaid eligibility enacted, states have an opportunity to design strategies that mitigate the risk of unintended disenrollment. This series from the Center for Health Care Strategies (CHCS) offers actionable approaches to support implementation that minimizes administrative burden and is informed by the experiences of Medicaid members.

3. Population

- Individuals aged 19-64 who are enrolled in Medicaid under the [Affordable Care Act's Medicaid expansion](#) — which includes nearly all individuals who fall between the state's traditional Medicaid income eligibility threshold and 138 percent of the Federal Poverty Level in states that have adopted the expansion — **or** through a waiver program that provides minimum essential coverage, **and** who do not qualify for an exemption (see below). Note, as of July 2025, [41 states have adopted Medicaid expansion](#), with [over 20 million adults](#) currently receiving benefits as part of the expansion population.

4. Exemptions

- **Foster care youth:** Foster youth and former foster youth under the age of 26.
- **Indian Health Service members:** Individuals recognized as American Indians or Alaska Natives and eligible for health services through the Indian Health Service.
- **Caregivers:** Defined as “parent, guardian, caretaker relative, or family caregiver of a dependent child 13 years of age and under or a disabled individual.”
- **Disabled veterans:** Defined as a veteran “with a disability rated as total under section 1155 of Title 38, United States Code” (section of law that establishes the schedule for rating veterans' disabilities and governs how compensation is determined).
- **Medically frail individuals:** Including people who are blind or disabled, have a substance use disorder, a disabling mental disorder, a physical, intellectual, or developmental disability, or who have a serious or complex medical condition.
- **Individuals already meeting work requirements:** Including under Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program (SNAP).
- **Individuals participating in a qualifying substance use disorder (SUD) treatment program:** Defined as SUD programs that meet SNAP-related federal requirements, run by nonprofit organizations or public community mental health centers.
- **Justice-involved population:** Including individuals who are incarcerated or recently released from incarceration (past 90 days).
- **Pregnant and postpartum individuals:** Defined as “pregnant or entitled to postpartum medical assistance under paragraph (5) or (16) of subsection (e)” (the 12-month Medicaid continuous postpartum extension).
- **Short-term hardship:** States may allow exemptions for certain extenuating circumstances, including individuals receiving care in hospitals, nursing facilities, psychiatric facilities, or other intensive care settings, individuals in a federally declared disaster area, individuals living in counties with unemployment rates higher than eight percent, or 1.5 times the national unemployment rate (pending permission from HHS secretary), and individuals or their dependents who are required to travel outside their home for medical care for an extended time.

5. Outreach

- State Medicaid agencies are required to conduct member outreach between June 30 and August 31, 2026, through regular mail and one or more additional forms, such as by telephone, text message, website, and “other commonly available electronic means.” Outreach is required to contain information on work requirement compliance, an explanation of exemptions, consequences of non-compliance, and reporting instructions.

6. Verification Process

- **Look-back period:** States must perform a “look-back” review to determine whether a Medicaid member met the work requirement in a period of between one and three months before their application. States must also verify that current enrollees continue to meet the requirements for at least one month within each six-month eligibility review period.
- **Data matching:** States are encouraged to use available data, such as payroll data, or Medicaid payment and encounter data, to verify compliance.

7. Consequences for Non-Compliance

- **Notice of non-compliance:** States must issue notice of non-compliance (via mail and at least one other form of contact) to the Medicaid member or applicant if verification fails.
- **Disenrollment:** After receiving a notice of non-compliance, members have 30 days to show compliance before disenrollment.

8. Impact Estimates

- **Medicaid spending:** The Congressional Budget Office estimates that the implementation of work requirements will [reduce Medicaid spending by \\$344 billion](#) over 10 years.
- **Coverage loss:** The Congressional Budget Office estimates that [11.8 million people](#) will lose Medicaid coverage due to H.R. 1 in the next 10 years. [4.8 million](#) of those will be due to the implementation of work requirements.

9. Funding

- **Implementation funding:** The bill appropriates \$200 million to the Centers for Medicare & Medicaid Services (CMS) in FY26 and instructs HHS to distribute an additional \$200 million to states (\$100 million of which is distributed equally among 50 states, and \$100 million of which is distributed based on states’ Medicaid population size) as implementation funding in FY26.

Why Does This Matter?

The introduction of work requirements in Medicaid represents a significant policy shift with wide-ranging implications. State Medicaid agencies have a major implementation task ahead, with limited funding and a short window of time in which to accomplish it. States will need to rapidly develop systems for verifying eligibility and compliance, tracking hours, managing exemptions, and addressing potential administrative challenges in an effective, timely manner. For Medicaid members, these requirements will mean additional administrative hurdles to acquiring and maintaining coverage, particularly for those already facing barriers to employment. Payers and health care providers will also see changes in enrollment patterns and increased administrative costs. Understanding the implications of these requirements is crucial for policymakers and stakeholders as they navigate the balance between meeting federal requirements and ensuring access to essential health services for people eligible for Medicaid in their states.

What's Next?

The full impact of these changes will depend on how CMS interprets, implements, and monitors these new requirements. Guidelines from HHS, along with a limited amount of implementation funding, will shape how states operationalize their policies. Regardless of the specific approach, implementing Medicaid work requirements is expected to be a significant administrative undertaking for states — one that will require cross-sector coordination and clear, consistent engagement with Medicaid members to ensure responsive and effective implementation.

Learn More

- [H.R. 1 - Full Text](#), July 4, 2025.
- [H.R. 1 SEC. 71119. Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals](#) (*excerpted Medicaid work requirements provision of H.R. 1*), July 4, 2025.
- [A Closer Look at the Medicaid Work Requirement Provisions in the “Big Beautiful Bill,”](#) KFF, June 20, 2025.
- [What Health Care Provisions of the One Big Beautiful Bill Act Mean for States](#), National Academy for State Health Policy, July 8, 2025.



ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

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