

Medicaid Work Reporting Requirements: Implementation Planning Milestones

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[H.R.1](#), signed into law by President Trump on July 4, 2025, requires that states implement work reporting requirements for adults ages 19 through 64 who are enrolled through Medicaid expansion or expansion-like coverage under a section 1115 demonstration. The effective date of work reporting requirements is January 1, 2027, though the statute establishes an option for states to request a good faith waiver to delay implementation for up to two years, through December 31, 2028, subject to approval by the Secretary of Health and Human Services.¹ The statute requires the Secretary to release an interim final rule with details on how states will need to implement work reporting requirements no later than June 1, 2026.

States will need to proactively prepare for the implementation of mandatory Medicaid work reporting requirements by developing comprehensive policy and operational plans that align with federal guidelines while addressing state-specific needs. This preparation will require the development of a central governance structure and strong coordination across state agencies. To facilitate a smooth transition, states will want to establish clear policies on compliance activities, exemptions, reporting processes, and consequences for non-compliance, while also investing in outreach, training, and support systems to assist individuals in understanding and meeting the new requirements. Operationally, states will need to upgrade information technology (IT) systems, streamline data sharing across agencies, and build robust monitoring and appeals mechanisms to safeguard coverage for eligible individuals and minimize administrative errors. States will be developing these new policies and operational processes while also planning for the implementation of new federal requirements for six-month renewal processes for expansion adults, which are also effective January 1, 2027.

It is therefore critical for states to identify opportunities to gather insights and input from the individuals and communities that will be affected by the implementation of work reporting requirements. Under the [Ensuring Access to Medicaid Services final rule](#) (the “Access Final Rule”), states are required to establish Beneficiary Advisory Councils (BACs) and Medicaid Advisory Committees (MACs). The BACs and MACs are tasked with advising states on the effective administration of the Medicaid program and they provide states with opportunities to directly engage Medicaid enrollees and community members in ways that build and maintain trust, ultimately strengthening the Medicaid program. Engaging the BAC and MAC early and intentionally in the planning and implementation of work reporting requirements allows states to better anticipate and avoid administrative hurdles, while also identifying opportunities to reduce burdens for both

¹ Per H.R.1, in determining whether a state is demonstrating a good faith effort, the Secretary will take into account: (1) any actions taken by the state towards complying with implementation; (2) any significant barriers or challenges in meeting those requirements including challenges related to funding, design, development, procurement or installation of necessary systems or resources; (3) the detailed plan and timeline for achieving full compliance (including any milestones, as defined by the Secretary); and (4) any other criteria determined appropriate by the Secretary.

agencies and enrollees. State officials should coordinate with colleagues supporting the BAC and MAC to engage these bodies in the design and implementation of Medicaid work reporting requirements.

The table below outlines the key implementation milestones that it is anticipated states will need to meet to launch work reporting requirements and a timeline for doing so—by January 1, 2027. To implement by this date, states need to begin policy and operational design immediately if they have not already started. Given the extensive policy, operational, and IT systems changes required, any state implementing work reporting requirements by January 1, 2027—less than 18 months from now—faces a significant risk that it will struggle to do so in full accordance with H.R.1, risking coverage loss for eligible individuals who meet or are exempt from the work reporting requirements and high Payment Error Rate Measurement (PERM) program error rates that could result in substantial fiscal penalties. Even if they work diligently and rapidly, many states will face substantial challenges in meeting this timeline simply because of the complexity of the task, including securing financing, designing policy and operations, hiring vendors and eligibility staff, testing and verifying the accuracy of their systems, and establishing the IT verification systems mandated by statute. Given competing eligibility and enrollment changes such as six-month renewals and an aggressive timeline that would be unrealistic for states to achieve for even smaller projects, it is reasonable to expect that states will seek good faith waivers, as allowable under the statute. States may also wish to work with the Centers for Medicare & Medicaid Services (CMS) to highlight what would be a minimum viable product to go live by January 1, 2027, in order to mitigate against the risk of unintended coverage loss and sizable PERM penalties.

These milestones and timelines are subject to change as states begin to move forward with their implementation, and the table will be updated accordingly.

Implementation Readiness Milestones	Timeframe for January 1, 2027 Go-Live	General Notes	Engagement of the BAC and/or MAC Encouraged
Section 1. Governance Structure			
Stand up state governance and leadership structure, including identification of a state lead for the work reporting requirement program, leads across relevant programmatic elements [e.g., eligibility and enrollment policy, staffing, and training; IT systems (including vendors); county or regional eligibility leadership; managed care organizations (MCOs); oversight and monitoring; external communication and community partner engagement; and enrollee outreach and notices].	Start: ASAP Complete: 10/31/25	This activity should be done as soon as possible to facilitate policy/operational decisions (Section 2) and show good faith in implementation planning.	Not Applicable (N/A)
Stand up interagency structure/task force through standardized meetings, reporting structure, and work plan to help ensure compliance with the timeline.	Start: ASAP Complete: 12/31/25	Members could include the Governor’s Office, Medicaid Agency, select state departments	N/A

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		(e.g., social services, behavioral health, labor, education), and the State-Based Marketplace (SBM).	
Section 2. Policy and Operational Design			
Conduct a baseline projections analysis of potential individuals who can be identified at initial go-live who are expected to be subject to work reporting requirements and either compliant or exempt.	Start: ASAP Complete: 9/30/25	This activity will give the state an understanding of what information/data sources it has as part of its current state assessment.	N/A
Conduct a high-level review of operational/IT systems to determine the most efficient pathway forward (e.g., use of a single statewide solution and engaging with CMS).	Start: ASAP Complete: 9/30/25	This activity may be most relevant with states that have county-driven systems but will benefit all states by helping to think big picture about operational/IT system changes.	
Define qualifying compliance activities, mandatory exemptions, or optional exceptions, if applicable and where not defined in federal statute.	Start: ASAP Complete: 10/31/25	This design will establish the basis for beginning operational and systems planning (<i>Section 3</i>). Note that the interim final rule is required to be released by June 1, 2026; the rule may require updates to state-developed policy and operational guidance.	
Define “look back” period at application and at six-month renewal.			
Define non-compliance disenrollment and re-enrollment processes.			
Define the role of MCOs (where applicable), providers, care management entities, application and enrollment assisters (customized by state).			
Define information sharing process across other state agencies and programs (e.g., departments of social services, departments of mental health, departments of corrections, departments of labor).			
Define regional (e.g., county-based) vs. statewide eligibility processes, where applicable.			
Define the role of the Federally Facilitated Marketplace (FFM) and SBM, where applicable.			

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Conduct a comprehensive assessment of available data that currently can or should be incorporated to promote smooth implementation.		States should initiate engagement with implementation partners during this period (see <i>Section 5</i> for additional detail).	
Set up data use agreements, as needed.			
Define data verification processes, including the role of automated processes at initial go-live, application, and renewal.			
Define key program monitoring metrics (e.g., compliance, excluded individuals, coverage loss based on non-compliance vs. procedural terminations, plus CMS program metrics, as needed).			
Define potential change requests for the state’s eligibility system.			
Define customer support requirements (e.g., call center, documentation review, mailing).			
Define eligibility and enrollment staffing requirements (e.g., customer support, eligibility processing, appeals).			
Section 3. Operational and Systems Readiness			
Identify new or enhanced staffing and vendor support needs to support internal workforce and call center capacity.	Start: 10/1/25 Complete: 11/30/25		N/A
Initiate hiring process(es) for new staff.	Start: ASAP		
Initiate vendor procurement process, if needed.	Complete: ASAP		
Develop and/or update application and renewal forms required to implement work reporting requirements (including 6-month compliance reporting). (Applications and renewal forms should be available to be submitted via all modalities: in-person, by mail, and by telephone.)	Start: ASAP Complete: 7/31/26	Note that any applications that do not align with the single streamlined application will need to be approved by CMS per federal regulations; approval unlikely until CMS releases the interim final rule by June 1, 2026.	Yes

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Develop the following new consumer notices: outreach notices informing existing members of new requirements at application and renewal; eligibility determinations; requests for information; and non-compliance notices.	Start: ASAP Complete: 3/31/26		Yes
Develop process flows for application, 6-month renewal, disenrollment, and reenrollment.	Start: 11/1/25 Complete: 11/30/25	6-month verification will go live on January 1, 2027, for all states (excluding states with a good faith waiver).	N/A
Develop business rules for eligibility and enrollment systems, cross-agency data sharing, and the state's monitoring approach.	Start: 11/1/25 Complete: 12/31/25	Monitoring and Oversight further detailed in <i>Section 7</i> .	
Develop business rules with MCOs and other state agencies, as needed.	Start: 11/1/25 Complete: 12/31/25		
Develop business rules for the FFM/SBM interface to support work reporting requirement compliance and exemptions.	Start: 11/1/25 Complete: 12/31/25		
Update vendor contract(s), as needed, to make IT system and/or customer support modifications.	Start: 11/1/25 Complete: ASAP		
Update and submit Advance Planning Documents.	Start: 12/1/25 Complete: 5/31/25		
Apply for federally allocated funding for implementation.	Upon release of the funds		
Complete system builds (including defined process for any manual workarounds needed for initial implementation) for work reporting requirements and 6-month renewals/more frequent redetermination process.	Start: 1/1/26 Complete: 9/30/26		
Develop data sharing agreement and/or memorandum of understanding templates to support any new data collected or any new use of data.	Start: 1/1/26 Complete: 6/30/26		
Complete user testing.	Start: 7/1/26 Complete: 12/31/26	States should leverage user testing at established intervals in the design and development to test new functionality and not leave as	Yes

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		a last step. Ideally, the last step user experience is done by a neutral third party and not the vendor(s).	
Section 4. Policy Guidance and Trainings			
Develop internal guidance for eligibility staff, call centers, customer support, application assistors, etc.	Start: 1/1/26 Complete: 6/30/26	Dates may need to be extended based on the status of system development.	N/A
Develop public-facing policy guidance (e.g., MCO bulletins, provider manuals, program manuals).	Start: 1/1/26 Complete: 6/30/26	Because the interim final rule will be published by June 1, 2026, guidance may need to be released in draft and finalized no later than September 30, 2026. Dates may also require extensions based on the status of system development.	
Develop training materials and conduct internal trainings.	Start: 3/1/26 Complete: 9/30/26	Dates may need to be extended based on system development.	
Section 5. Managed Care and Implementation Partner Contracting (As Needed)			
Implement managed care contract updates, where applicable (e.g., data sharing, care management, workforce supports, application/renewal/redetermination/ compliance assistance).	Start: 1/1/26 Complete: 6/30/26	Some states may have leeway in the timeline (e.g., emergency filing based on federal requirements).	N/A
Implement contract updates for other implementation partners, where applicable (e.g., care management and assister entities, if directly contracted by the state).	Start: 4/1/26 Complete: 9/30/26		

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Section 6. Implementation Partner Engagement (Non-Enrollee)			
Distribute early communication [e.g., “just the facts” overview of upcoming change(s) and timeline, if the state will pursue a good faith waiver and what that means, and when/where more detail will be available].	Start: ASAP Complete: 10/31/25		Yes
Develop an implementation partner plan that identifies key partners to engage, engagement forums, planned communications, timeline for engagement, etc.	Start: ASAP Complete: 12/31/25		
Conduct tailored implementation partner engagement, as needed, to validate initial policy and operational design decisions and to develop specialized outreach and support plans for groups experiencing disadvantage (e.g., individuals who are experiencing and/or have: homelessness, behavioral health needs, intellectual and/or developmental disabilities, chronic conditions).	Start: 9/1/25 Complete: 11/30/25		
Distribute ongoing communications on program implementation (e.g., information relevant to plans, providers, sister agencies, application assisters, etc. who will be responsible for implementing work reporting requirements and verifications).	Start: 1/1/26 <i>Ongoing</i>	This should come after working sessions in order to provide detail to plans and/or providers on what the exemption and compliance processes look like and what role they can play.	N/A
Establish regular communications (e.g., webinars, fireside chats, email alerts, etc.) to develop and distribute communications to plans, providers, and other implementation partners.	Start: 1/1/26 <i>Ongoing</i>		Yes
Engage Native American/Alaska Native communities, where applicable.	Start: 1/1/26 <i>Ongoing</i>	Some states may have additional timelines and/or engagement needs.	N/A

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Conduct training with implementation partners on assisting enrollees with reporting on compliance and exemptions (e.g., MCOs, care management entities, assisters, etc.).	Start: 7/1/26 <i>Ongoing</i>		
Section 7. Enrollee Education			
Distribute early communication [e.g., “just the facts” – overview of upcoming change(s) and timeline, what to expect, and where further information can be found] as soon as possible to address timing and enrollee confusion. Coordinate engagement and communication across Medicaid and the Supplemental Nutrition Assistance Program.	Start: ASAP Complete: 10/31/25		Yes
Develop enrollee engagement and education strategy (e.g., identify consumer communication timelines and distribution channels, advocates/sister agencies that can support distribution of communication materials).	Start: ASAP Complete: 12/31/26		
Develop enrollee-facing educational materials with detailed program information (e.g., webinars, frequently asked questions).	Start: 1/1/26 <i>Ongoing</i>		
Distribute member notices regarding new requirements.	Start: 6/30/26 Complete: 9/30/26		N/A
Section 8. Monitoring and Oversight			
Develop and complete program monitoring approach [the goal is to align with business rules (<i>Section 3</i>) to ensure monitoring reports are automated to the maximum extent possible].	Start: 11/1/26 Complete: 5/31/26	If the state pursues a good faith waiver, the monitoring approach should include documentation of efforts made toward implementation.	N/A
Develop program dashboard.	Start: 6/30/26 Complete: 12/31/26		Yes
Implement process for issue spotting [e.g., timeframes for processing applications and renewals (and redeterminations if proof of compliance is required more frequently than every 6 months), compliance/noncompliance numbers, impact of automated vs. manual documentation requirements on compliance, disenrollment numbers].	Start: 1/1/27 <i>Ongoing</i>	6-month renewals must go-live on January 1, 2027.	N/A

Implementation Readiness Milestones	Timeframe for January 1, 2027 Go-Live	General Notes	Engagement of the BAC and/or MAC Encouraged
Post-implementation user interface (UI)/user experience (UX) testing	Start: 1/1/27 <i>Ongoing</i>	UI/UX testing should be conducted periodically to identify and correct IT systems and process challenges that hinder consumer's ability to efficiently (in real-time) and accurately manage work exemption and compliance requirements. Methods may include direct observation, focus groups, surveys, and analyzing chat, call center help logs, and web analytics.	Yes
Section 9. Workforce Development			
Develop a workforce supports strategy (e.g., state-agency partnerships, support workforce compliance).	Start: 1/1/26 <i>Ongoing</i>	Also noted in <i>Sections 1 and 2</i> .	N/A
Section 10. CMS Engagement			
Evaluate if the state will pursue a good faither waiver based on federal parameters.	Start: ASAP (<i>no later than 8/1/25</i>)		N/A
Review CMS sub-regulatory guidance and the interim final rule and align state- developed policy and operational design based on CMS guidance.	Start: By 6/1/26 Complete: 9/30/26	The interim final rule is required to be released by June 1, 2026.	
Participate in CMS state engagement meetings.	Start: 7/1/25 <i>Ongoing</i>		
Submit a good faith waiver application.	N/A		

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Submit any state plan amendments (SPAs) required by CMS for implementation of work reporting requirements; conduct any state-required public notice (e.g., tribal notice).	3/31/27	SPAs typically may be submitted by the last day of implementation quarter.	
Section 11. Go-Live			
Go-live.	1/1/27	If a good faith waiver is pursued, states can implement no later than January 1, 2029.	N/A



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