
November 3, 2025 | **By Jennifer Wagner, Symonne Singleton, and Maani Stewart**

A Guide to Reducing Coverage Losses Through Effective Implementation of Medicaid's New Work Requirement

The reconciliation law enacted in July, known as HR 1, requires certain Medicaid applicants and enrollees to document at least 80 hours per month of "community engagement," consisting of work or other qualifying activities, or qualify for an exemption.¹ Enrollees who cannot meet this work requirement or qualify for an exemption will have their coverage taken away; applicants who cannot meet it will be denied coverage. While past experience shows that this requirement will lead many people to lose coverage, state policy and implementation choices will largely determine how many people lose coverage.² States can substantially mitigate coverage loss from the work requirement by choosing policies that minimize burden, streamlining verification processes, and creating accessible and user-friendly forms, portals, and communication methods.

Some people will be unable to meet the new requirement: they may be unable to get enough hours of work, be searching for a job (which generally will not count toward the 80-hour requirement), or have transportation or other barriers to securing employment.³ At the same time, this group represents a relatively small portion of the people at risk of losing coverage from the work requirement. A much larger portion of individuals will remain eligible for Medicaid but risk losing coverage anyway if they are unable to navigate the intricate maze of the work-reporting requirements. Through effective implementation, states can limit the number of eligible individuals who miss out on health coverage due to red tape. Figure 1 draws on past experience with Medicaid work requirements to show how these implementation decisions can impact the number of eligible people who lose coverage.

FIGURE 1

State Implementation Decisions Can Mitigate Harm of Medicaid Community Engagement Requirements

Outcomes for enrollees subject to community engagement requirements

Distribution of these outcomes will depend on state implementation:



Note: Size of bars is based on past experience with community engagement requirements in Arkansas from 2018 to 2019; actual outcomes will depend on state implementation.

Source: CBPP, "Medicaid Work Requirements Will Take Away Coverage from Millions."

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States can reduce harm from the new work requirement and keep eligible people covered by:

- Electing policy options outlined in the law that minimize burden, including:
 - Requiring applicants to be compliant or exempt for only one month before their month of application;
 - Verifying compliance for enrollees only when they renew coverage, rather than more frequently;
 - At renewal, requiring only one month of compliance or exemption status, during any month since the last renewal;
 - Adopting all optional exemptions included in the new law;
 - Requesting federal exemptions (due to emergencies, disasters, or high unemployment rate) for counties when they qualify; and
 - Accepting participants' statements about compliance and exemptions whenever possible.
- Maximizing data sources to automatically verify exemptions and compliance by:
 - Analyzing how many people will comply or be exempt through each potential data pathway, and prioritizing integrating data sources that can be used to automatically verify the largest number of people;
 - Implementing consent-based verification (an emerging strategy to document income) to facilitate income verification, including for self-employed workers; and
 - Coordinating with SNAP to identify individuals who are eligible for an exemption from the

Medicaid work requirement.

- Deploying user-friendly pathways for individuals to report compliance activities and exemptions, including:
 - Building mobile-first online applications, renewals, and reporting forms;
 - Ensuring simple and accessible document submission;
 - Translating notices and forms into multiple languages; and
 - Removing identity proofing that isn't required so that unneeded steps don't block access.
- Creating and monitoring data reports to evaluate implementation and continuously improve processes to preserve access.

The work requirement will go into effect in most states in January 2027, requiring changes to notices, forms, and processes by the summer or fall of 2026. This means states must act quickly to change application and renewal forms, add data sources, modify systems, design outreach campaigns, and in many cases procure vendors to assist with these tasks.

Many states are already struggling to keep up with eligibility and renewal processing demands and have application processing delays and long wait times at call centers.⁴ Administering the work requirement – and conducting Medicaid renewals twice as often for some enrollees, as HR 1 requires – will add substantial administrative burden to an already struggling workforce. If states choose burdensome implementation policies or have ineffective systems that push work to applicants, enrollees, and eligibility workers, they will incur additional staff expenses, costly churn (which happens when eligible individuals lose coverage and must reapply), and increased errors. Service to the entire Medicaid population will likely suffer as well, resulting in processing delays and long wait times for children, seniors, and people with disabilities.

However, states can make policy and implementation choices that minimize the added burden from the work requirement while enhancing accuracy at the same time. A key way to achieve these twin goals is to identify ways that states can use data to determine compliance or exemptions, which is the main focus of this report. While it will also be necessary to provide accessible avenues for applicants, enrollees, and partners to report information, automatically determining compliance and exemptions is the most effective way to ensure access for eligible people.

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Summary of the Work Requirement

People subject to the requirement. Under HR 1, adults eligible for Medicaid coverage under Group VIII (the Affordable Care Act or ACA adult Medicaid expansion group), as well as through state waivers that provide full coverage to similar populations, are subject to the work requirement as a condition of eligibility. The law primarily targets adults in the 40 states and Washington, D.C. that expanded Medicaid, but non-expansion states such as Wisconsin and Georgia also cover people subject to the work requirement. (As discussed below, some people subject to the requirements qualify for an exemption.) As of December 2024, 20.7 million adults nationwide were enrolled in Medicaid via the adult expansion group.⁵

People who are eligible for Medicaid because they have a disability, are former foster youth, are eligible for Medicare, or are receiving Supplemental Security Income (SSI) are not subject to the work requirement. Parents and caretaker relatives may be subject to the requirement, depending on their income (see box below).

Compliance. Medicaid applicants and enrollees subject to the work requirement who are not exempt must work or engage in other countable activities (including community service, participation in a work program,⁶ or enrollment in an educational program⁷) for at least 80 hours per month; the 80 hours can be in a single activity or a combination of activities. Individuals enrolled in an education program at least half time are also compliant. And, individuals with monthly income equal to or above 80 times the federal minimum wage (which currently equals \$580) are compliant.

Which Parents Are Subject to the Work Requirement Varies by State

Parents enrolled in Medicaid may be subject to the work requirement, depending on their income. Which parents are subject to the requirement will vary by state, depending on the income level at which the state historically set eligibility for parents and caretaker relatives (known as the Section 1931 limit).

Generally, parents and caretaker relatives with income above a state's Section 1931 limit are enrolled in Group VIII (or a similar waiver-based expansion) and are subject to the work requirement. Those with income below the Section 1931 limit were eligible for Medicaid prior to the ACA and are not enrolled in an expansion group; therefore, they are not subject to the work requirement. (Parents with children under 14 may be subject to the work requirement, but are exempt.)

For example, parents in Louisiana with income at or below 19 percent of the federal poverty level (Louisiana's Section 1931 limit) are not subject to the work requirement, but parents with income from 20 through 138 percent of poverty must comply unless they qualify for an exemption.

Similarly, parents in Maine with income above 100 percent of the federal poverty level (Maine's Section 1931 limit) and at or below 138 percent of poverty are subject to the work requirement.

In Wisconsin, the Section 1931 limit for parents is 100 percent of the federal poverty level, and the state's waiver only covers adults up to 100 percent. So the work requirement doesn't apply to Medicaid-eligible parents in the state.

To view Section 1931 limits by state, see Table 5 at <https://www.kff.org/report-section/medicaid-and-chip-eligibility-enrollment-and-renewal-policies-as-states-resume-routine-operations-appendix-tables/#table-5>.

Exemptions.⁸ For the population subject to the work requirement, there are both mandatory exemptions and optional exemptions a state can adopt that allow an individual to receive Medicaid without engaging in a qualifying activity for 80 hours per month. For example, states must exempt parents with a child under 14, people who are "medically frail,"⁹ people who have been incarcerated in the last three months, and people participating in a drug or alcohol treatment program. States have the option of granting exemptions for short-term hardship events, such as if an individual was recently hospitalized. States also have the option of requesting exemptions for areas with declared emergencies or disasters or high unemployment and exempting individuals in those areas from the work requirement. An individual who qualifies for an exemption at any point during a month is deemed to have met the work requirement for that month.

See Tables 1 and 2 for a detailed description of compliance activities and exemptions.

Applications and renewals. To enroll in coverage initially, applicants must verify that they have complied with or are exempt from the requirement in the one to three months (depending on what duration each state chooses for this “lookback” period) preceding the month of application. Enrollees must demonstrate that they have complied with or are exempt from the requirement at renewal, or more frequently if the state chooses.

Non-compliance. If a state is unable to verify compliance or exemption status of an applicant or enrollee, the state must send a notice and provide the individual 30 days from the date the notice is received to report compliance or an exemption. If an applicant doesn’t submit adequate information in response to the notice, the state must deny the application. For enrollees, the state must continue providing Medicaid during this 30-day period. If the enrollee doesn’t respond at the end of the 30-day period, the state must screen to see if the individual is eligible for coverage in another Medicaid eligibility category and, if not, must then provide written notice and terminate coverage not later than the month after the month in which the 30-day period ends.

State implementation. States must begin applying the work requirement to applications received on or after January 1, 2027, and to renewals beginning in January 2027. States can implement earlier through a state plan amendment or Section 1115 waiver, but HR 1 specifies that early implementation must be consistent with the new statute and that provisions of the new law may not be waived.

HR 1 also allows a state to request a good-faith exemption to delay implementation of the work requirement for up to two years. The Secretary of Health and Human Services may grant such an exemption if the state can demonstrate it is making efforts to implement the provision but faces significant barriers that prevent it from meeting the implementation deadline in the law. As with many other provisions of the new law, guidance from the Centers for Medicare & Medicaid Services (CMS) will be necessary to understand the standards states will need to meet to qualify for an exemption that allows a state to delay.

Outreach. Under the statute, states must conduct outreach before implementing the work requirement and periodically thereafter. They must send out notices three months, plus the number of months they elect for the application lookback period, prior to implementation. The notices must be sent by regular mail and in one or more additional forms (phone, text message, website, etc.).

Guidance. Numerous parts of the statute delegate authority to the HHS Secretary to specify how a state must implement the work requirement. These include how an applicant or enrollee demonstrates compliance and how a state requests an exemption for residents of areas with high unemployment. The law requires the Secretary to promulgate an interim final rule to implement the work requirement by June 1, 2026, though CMS may issue sub-regulatory guidance sooner.

States' Policy Choices Can Reduce Coverage Loss

Embedded in HR 1 are several policy options for states as they design their work requirement. The policy choices states make will significantly affect the number of people who lose coverage due to the new requirement.

Some state choices will directly affect who qualifies for Medicaid; for example, adopting a longer lookback period will disqualify some applicants who would have qualified under a shorter period. However, the primary impact of state policy decisions will be on the amount of administrative burden placed on applicants, enrollees, and eligibility workers. While implementing the work requirement will inevitably introduce new barriers for individuals and increase the workload on state Medicaid agencies, state decisions will impact how intense the burden is – and thus how many people lose coverage, despite remaining eligible, because they are unable to navigate the maze of work requirements.

State policy options involve issues such as:

- **Lookback at application.** States may require that an applicant is compliant with or exempt from the work requirement for the month prior to the month of application or for each of the prior two or three consecutive months prior to application. A shorter lookback period will enable more people to enroll, including those who wouldn't be able to meet the requirement (or to demonstrate that they meet it or are exempt) for a longer period.
- **Ongoing verification.** Enrollees must periodically re-verify their compliance or exemption status. HR 1 gives states the option to verify compliance at renewal¹⁰ or more frequently, such as monthly.

When verifying compliance at renewal, states may require enrollees to have been compliant for one or more months since the last renewal. For example, a state could require that enrollees report their activities at renewal for every month since the last renewal, for any one month since the last renewal, or somewhere in between.

By verifying only at renewal and requiring only one month of compliance since the last renewal, states can reduce burden for enrollees and eligibility workers and minimize coverage loss. Requiring re-verification more frequently than at renewal, in contrast, would place significant burden – on enrollees to report their activities, on state agencies to design an eligibility system capable of capturing such frequent information reports, and on agency eligibility workers to process and verify reporting.

- **Verification of exemptions.** HR 1 specifies that a state “may elect to not require an individual to verify information” regarding qualifying for any mandatory exemption from the work requirement. States should start by accepting an individual's statement (made on an application, renewal, or other form) about compliance and exemptions wherever possible. Requiring documentation of all

exemptions would delay processing, burden individuals who may have to acquire medical documentation, create more work for eligibility workers, and increase churn.

States Can Make Policy Decisions That Streamline Eligibility Without Fear of PERM Errors

HR 1 also made changes to the Payment Error Rate Measurement Program (PERM), limiting the Secretary's authority to waive financial penalties for Medicaid errors over 3 percent and expanding the universe of audits that can be used in this calculation. Though the changes don't apply until federal fiscal year 2030, they may influence state decisions around implementation of work requirements.

States should keep in mind that PERM measures whether a state followed its own policy in making eligibility determinations. State options to verify compliance with the work requirement more frequently than at renewal or to require additional documentation are more likely to increase than reduce PERM errors. Among other things, more administrative burden on eligibility workers increases the likelihood that paperwork will be missed or information mis-entered, and overworked staff are more likely to make mistakes.

Instead, states should carefully document their policies, ensure their eligibility systems function as intended, provide training to eligibility workers, and find places to reduce burden on applicants, enrollees, and eligibility workers to increase accuracy and reduce errors.

- **Optional exemptions.** The exemptions for short-term hardships are optional; states can choose whether or not to incorporate them into their programs. They include individual exemptions for people experiencing an acute medical event or having to travel to receive medical treatment, as well as exemptions for counties with an emergency or disaster declaration or high unemployment rate.

States should adopt these optional exemptions so that people with qualifying medical needs can request a short-term exemption when eligible to do so. States also should apply for county- or state-wide exemptions whenever eligible and automatically exempt everyone in the affected area to minimize coverage loss among people who have difficulty meeting the work requirement due to high unemployment, an emergency, or a disaster.

- **Start date.** HR 1 requires states to begin applying the work requirement by January 1, 2027. Given the magnitude of changes required, this timeline will be very difficult for states to meet.

States have the option of applying the requirement before that January 1 deadline, on that day, or later if they seek and are approved for a good-faith exemption to delay implementation. The start date states elect will significantly impact their readiness to implement the requirement and how

quickly individuals lose access to Medicaid. Earlier implementers are unlikely to have client communications, data matches, staff training, and system changes in place to minimize harm to eligible populations. States should not apply the work requirement early and, pending CMS guidance, should plan to request good-faith exemptions if they qualify to delay their start date (or at least some components of the requirement) until their systems are tested and ready.

States' Implementation Choices Can Reduce Coverage Loss

The severity of coverage losses due to the work requirement will depend not only on states' policy choices, but their implementation choices as well. States can minimize burden on applicants and enrollees (as well as their own staff) and reduce the number of people who lose coverage by adopting strategies such as effective use of data and coordination with SNAP. Even if states can't deploy an ideal solution initially, they should include in their plan a "phase 2" to continuously roll out improvements post-implementation.

Determining whether an applicant or enrollee is compliant with or exempt from the work requirement will likely be the most challenging part of implementation. Eligible individuals could lose coverage if they don't understand what and how they have to report to show compliance with the requirement, what circumstances will qualify them for an exemption, and how to apply for an exemption – or if eligibility workers fail to process submitted information accurately and on a timely basis. The burden on eligibility workers from determining compliance and exemptions could also cause states to fall behind on processing applications and renewals for other populations, including seniors and children.

States can mitigate this harm by accepting an individual's statement wherever possible and maximizing the use of data sources to verify compliance and exemptions.

Using data sources will streamline processing in many situations, including:

- Where CMS guidance, state legislative action, or state policy requires verification of compliance or exemptions from the work requirement;
- At *ex parte* renewal, when the state will need to attempt to verify compliance or exemptions without requiring client action; and
- When Medicaid applications are transferred from a marketplace where the marketplace application doesn't ask all the relevant questions about work requirement compliance or exemptions.



States must use data sources where possible to verify compliance and exemptions, without requiring additional information from individuals.

HR 1 explicitly places the burden of determining compliance or exemptions on the state, mandating *ex parte* verification whenever possible. It requires a state to use reliable information, including payroll and

claims data, to make a determination that an individual is in compliance or exempt without requiring them to submit additional information.

To implement this provision, states must use data sources to determine if someone has sufficient income to be compliant, is medically frail, is a veteran with a 100 percent disability rating from the Department of Veterans Affairs, or is otherwise compliant or exempt. While not every compliance activity or exemption category has a readily available data source, states should utilize all possible sources to ensure that eligible people don't lose coverage and to minimize the burden on applicants, enrollees, and eligibility staff.

When prioritizing activities ahead of the implementation deadline, states should consider the most common ways in which individuals will comply with the work requirement or meet an exemption. For example, substantially more enrollees will likely comply through work hours than community service hours, so income data sources should receive priority over interfaces with local nonprofits. Similarly, medical frailty will likely be the largest source of exemptions (in addition to parent status, which should be relatively easy to determine based on already known household data), so determining how medical data can be used should be prioritized.

For criteria where a data source is not readily available or is inadequate, states should consider unique state data sources and also work to create and connect to more data sources to help automate compliance and exemption determinations. Potential strategies include connection to more timely income data sources, better connections to jails and prisons, matches to state colleges and universities, and improved data sharing with state services for people with disabilities or substance use disorders.

Determining Compliance

The majority of enrollees will comply with the work requirement through working. States already verify income at application and renewal as part of their eligibility determination process, and can leverage those existing mechanisms to determine compliance with the work requirement. There are, however, numerous gaps in the income verification process, such as inadequate verification processes for gig workers (Uber and Lyft drivers, for example) and other self-employed workers. States should address these gaps by deploying new technology and strategies as part of implementing the work requirement to streamline compliance verification and reduce the burden of income verification for eligibility purposes.

For example, states should consider incorporating consent-based verification (CBV) into their application, renewal, and verification processes. Through CBV, an applicant or enrollee connects to a payroll provider, gig platform, digital wallet, or bank account to generate an income report that can be sent to the Medicaid agency. This process, which essentially replaces the process through which an applicant scans in and then uploads a paper pay stub or other income documentation, is more streamlined and accurate and produces a reliable, easy-to-process report for eligibility workers.

CBV can be used for:

- **Traditional employees (W-2 earners).** CBV allows users to connect with many different payroll providers (such as ADP) and submit data about their recent pay to Medicaid agencies. CBV covers more employers than commercial data sources provided by Equifax and Experian and is relatively low cost, although it may not work for employees of small businesses that don't use payroll providers.
- **Gig workers.** CBV allows users to connect to gig platforms and directly submit income reports to the Medicaid agency. Some CBV tools also allow users to report expenses.
- **Other self-employed workers.** Some CBV tools allow users to link to bank accounts and digital wallets (such as Venmo and PayPal) to identify their self-employment income and eligible expenses, categorize and de-duplicate the data, generate a report for the user to review and approve, and submit the aggregated income and expenses report to a Medicaid agency.

Using an Income Verification Waterfall to Minimize Costs

Traditional income verification through commercial data sources such as Equifax's The Work Number is expensive, and states have struggled to afford the cost. With more frequent income verification needed as a result of the work requirement and bi-annual renewals, states should consider a waterfall approach: states would first attempt to verify income through lower-cost sources, only check more expensive data sources if necessary, and only request documents from individuals as a last resort. (Requiring individuals to submit documents may appear to be low-cost, but in fact requires eligibility workers to touch cases multiple times and increases the risk of costly churn.)

An income verification waterfall might consist of the following sequence of steps:

- Offer an applicant or enrollee CBV. If all reported income is verified, stop. If client chooses not to use CBV or has income not verified through CBV, then ...
- Check low-cost data sources like quarterly wage data (from the state labor department) and SNAP. If all income is verified, stop. If not, then ...
- Check commercial data sources like The Work Number. If all income is verified, stop. If not, then ...
- If all other methods fail, send the applicant or enrollee a request for information for pay stubs or self-employment records.

CBV is currently being piloted for public benefit purposes by private companies including Steady IQ¹¹ and truv.¹² The federal government is also piloting a tool known as “income verification as a service” (IVaaS) and intends to offer it to states to assist with work requirement verification.¹³

Significantly, HR 1 states that individuals whose monthly *income* equals or exceeds 80 hours times the federal minimum wage (which currently amounts to \$580 per month) are compliant with the work requirement, so states don’t have to restrict themselves to data sources that show hours. (Note that all income counts, not just earnings.) And seasonal workers with an average of \$580 per month in income over the preceding six months are compliant. However, individuals who meet the work requirement through a combination of paid and non-paid activities equal to 80 hours may need to report specific work hours if their income is below this threshold.



Individuals with income over \$580 per month (80 hours times the federal minimum wage) are compliant with the work requirement.

Verifying compliance with countable *non-work* activities will likely depend on state-specific data sources. Agencies may be able to leverage community service verification systems or protocol used by their TANF program. For work programs, Medicaid can potentially connect to participation tracking in work programs run through other agencies. Finally, agencies may be able to connect to state colleges and universities to confirm enrollment or use a national student enrollment database.

TABLE 1

Potential Data Sources to Verify Compliance With Work Requirement

Activity	Potential Data Sources	Notes
Monthly income (from any source) equal to 80 hours times federal minimum wage (currently \$580/month)	• Social Security Administration • State unemployment insurance agency • State child support agency • State pension agency • Earned income verification sources listed below	• For seasonal workers, monthly income can be the average over the last six months • States can use income data sources even if hours are not included
Working	• Consent-based verification • Quarterly wage data (through state labor department) • Equifax The Work Number (TALX) • Experian Verify	• If the monthly income test is met above, there is no need to check work hours. • 80 hours/month required • Can combine work and non-work activities to reach 80 hours
Community service	TANF system used to report or verify community service hours	

TABLE 1

Potential Data Sources to Verify Compliance With Work Requirement

Activity	Potential Data Sources	Notes
Work program	- WIOA participation tracking - SNAP E&T programs	80 hours/month required - Can combine work and non-work activities to reach 80 hours
Education program	- State colleges and universities - National student enrollment database	

Determining Exemptions

As outlined above, the work requirement only applies to Group VIII enrollees and similar populations covered through waivers. Federal matching rates and benefits packages for Medicaid depend on each participant's category of coverage, so states should already have coding within their system to automatically exclude individuals from the work requirement if they don't fall into this category, including those who are receiving Medicare, under 19, or former foster youth.

For those subject to the work requirement but exempt, states will have to determine how long exemptions will last. Some exemptions will presumably be permanent, such as those based on Indian status and for veterans with a total disability rating. Other exemptions, such as for people who are compliant with TANF work requirements or are in a household receiving SNAP and aren't exempt from a SNAP work requirement, may have to be reviewed periodically. CMS guidance may provide additional information regarding the allowable duration of exemptions.



States are not required to mandate additional documentation from participants to verify exemptions.

State agencies have the option of applying to CMS for a short-term exemption that can be applied to all people in counties with a declared emergency, disaster, or high unemployment, minimizing the burden on individuals. (CMS will specify what information a state has to submit to qualify for these exemptions.) Agencies should seek these optional exemptions when eligible to minimize coverage loss for people in communities facing economic or other challenges.

For individual exemptions, while agencies can and should accept client statements wherever possible, they can also streamline processing by using existing (or establishing new) data sources and other information to automatically exempt some individuals from the requirement. Agencies can gather information to determine exemption status from sources such as:

- **Eligibility and case management systems.** Agencies can use information within their Medicaid eligibility system to exempt enrollees who are a parent or caretaker relative of a child 13 and under,¹⁴ medically frail,¹⁵ pregnant or postpartum, or are currently or were recently incarcerated.
- **Application, renewal, and other forms.** Since some data sources may not be current or comprehensive, it's important to give applicants and enrollees an opportunity on applications, renewals, and other forms to identify if they qualify for an exemption. For exemptions where data sources aren't readily available, such as being a family caregiver of a disabled individual, a client will need to indicate their status on an application, renewal, or other form. The form is also an important place to get real-time information about hospitalization and information on health conditions that may not be found in claims data, such as information from new applicants, re-enrollees with gaps in their Medicaid coverage, and even current enrollees who may have new conditions not yet in the claims data available to the eligibility workers.
- **Health and human services agency medical data.** For individuals who are medically frail or otherwise have special medical needs, agencies can use claims, diagnostic, and encounter data (including information from managed care organizations) to identify exemptions. Further, since many health and human services agencies run programs for people with mental and behavioral health disorders, intellectual and developmental disabilities, and substance use disorders, agencies can draw on this information to identify additional people who are participating in such programs and therefore meet specified work requirement exemptions.
- **SNAP and TANF data.** Agencies can use data from SNAP and TANF to determine exemptions based on receipt of or compliance with those program requirements. (See below for further discussion of use of SNAP data.)
- **External datasets.** Agencies can use external data sources maintained by agencies such as the Department of Veterans Affairs and the Social Security Administration to identify people who meet other exemptions.



If a county is approved for a short-term exemption due to an emergency, disaster, or high unemployment, the agency can automatically apply the exemption to individuals in that county without requiring individual requests.

TABLE 2

Potential Data Sources to Verify Exemptions From Work Requirement

Exemption	Potential Data Sources	Notes
Mandatory Exemptions		
Indian/urban Indian/California Indian/eligible for Indian Health Services	Case data	Information already collected on application; should be permanent exemption
Parent/guardian/caretaker relative/family caregiver of dependent child 13 or under or disabled individual	- Case data - Application/Renewal (new questions are required related to caring for a disabled individual)	A family caregiver is an adult family member or other individual who has a significant relationship with, and who provides a broad range of assistance to, an individual with a chronic or other health condition, disability, or functional limitation.*
Veteran	Veterans Affairs data (may require new connection to database that includes disability rating)	Must have a total disability rating
Medically frail	Claims, encounter, diagnostic, and other data from Medicaid management information systems (MMIS), managed care organizations (MCOs), SNAP, and other state data sources	- Existing designation within some states' Medicaid systems that can affect expansion enrollees' benefit package - States without designation need to add it
Blind/disabled	- Social Security Administration (SSA) - Case data from Medicaid or other programs	HR 1 references the SSA definition. Most people who meet this definition would be receiving SSI/SSDI and thus not in the population subject to the work requirement.
Substance use disorder	Claims, encounter, diagnostic, and other data from MMIS, MCOs, and other state data sources	
Disabling mental disorder	Claims, encounter, diagnostic, and other data from MMIS, MCOs, and other state data sources	
Physical, intellectual, or developmental disability that significantly impairs ability to perform one or more activities of daily living	Claims, encounter, diagnostic, and other data from MMIS, MCOs, and other state data sources	
Serious and complex medical condition	Claims, encounter, diagnostic, and other data from MMIS, MCOs, and other state data sources	
Compliant with TANF	State TANF agency (if not	

TABLE 2

Potential Data Sources to Verify Exemptions From Work Requirement

Exemption	Potential Data Sources	Notes
Mandatory Exemptions		
	integrated with Medicaid eligibility system)	
In household receiving SNAP and not exempt from SNAP work requirement	State SNAP agency (if not integrated with Medicaid eligibility system)	
Participating in drug/alcohol treatment program	Claims, encounter, diagnostic, and other data from MMIS, MCOs, and other state data sources	
Currently or recently incarcerated in public institution	• Case data • State data matches with jails and prisons	Exempt for months of incarceration; also exempt if individual was incarcerated in any of the preceding three months
Pregnant/entitled to postpartum coverage	Case data	
Optional Exemptions for States		
Received inpatient hospital services (or services of similar acuity)	Individual must request	
Individual or dependent had to travel for treatment	Individual must request	
Residing in county with exemption due to emergency or disaster declaration or high unemployment	Agency can automatically exempt people in counties that qualify	State option to apply for areas qualifying for exemption; individual cannot get exemption unless state applies

* Section 2 of RAISE Act (P.L. 115-119).

Coordinating With SNAP

Coordinating with SNAP is an essential part of implementing the work requirement. SNAP can be an important data source for Medicaid, since individuals may have recently provided information for SNAP that can be used for Medicaid, such as income verification (including income from self-employment), verification of enrollment in a work or educational program, and documentation of a medical condition.

Further, under HR 1, Medicaid agencies must exempt from the work requirement any individual who is in a household receiving SNAP and isn't exempt from a SNAP work requirement.¹⁶ Thus, states must first determine if a Medicaid applicant or enrollee is in a household receiving SNAP (even if they personally aren't receiving SNAP) and then, if the individual is receiving SNAP, determine if they are exempt from a SNAP work requirement. This will require more data matching and will be particularly challenging in states where SNAP and Medicaid use separate eligibility systems, but doing this cross-matching successfully could exempt a large number of people.

In addition to improving data sharing to meet the new law's exemption language, states can maximize coordination and simplify administration by aligning definitions and verification where possible. For example, if someone is exempt from the SNAP general work requirement because they are enrolled in an education program, the verification provided for the SNAP exemption can be used to determine their compliance with the Medicaid work requirement, since Medicaid uses the same definition of "education program." Similarly, states can create forms and questions related to being a caregiver or having a disability that can be used for both programs, even though the definitions are slightly different.

Finally, states should align reporting processes for Medicaid and SNAP participants where possible. Individuals should have to report that they are in compliance or qualify for an exemption just one time for both programs, and the information should be shared across Medicaid and SNAP. And SNAP, which has historically had a very paper-driven work requirement verification process, should leverage Medicaid approaches to *ex parte* determinations and reporting modalities to improve SNAP work requirement implementation.

See Appendix A for a detailed comparison of Medicaid and SNAP work requirements.

Technical Implementation Considerations

One of the many challenges the new law creates is its tight implementation timeline. States must make significant changes to their eligibility systems and may not have sufficient time to follow their typical cadence for procurement and development.

Agencies should take time at the outset to determine their needs, choose the right technology, prioritize features, and pilot new features before statewide rollout. Although these steps may seem time-consuming up front, they will save the agency time and money in the long run by ensuring the technology is implemented well, complies with the new law, and meets the needs of applicants, enrollees, and eligibility workers. Further, states can push some improvements to a "phase 2" if they can't be implemented initially.

States should build flexibility into their system designs where possible. They will have to make many design decisions well before formal CMS guidance comes out, given the statute's June 1, 2026 deadline for rulemaking. In some situations, states might have to modify their processes based on that guidance; building in some flexibility from the start in key areas will expedite compliance with late-breaking direction.

Vendors Will Play a Key Role in Work Requirement Implementation but Must Be Carefully Selected and Managed

State agencies will look for technical solutions to many implementation issues, and vendors are aware of the need in the market. While it is critical to use technology and automation to streamline the process, agencies should use discernment when evaluating vendor offerings. It is important to ask detailed questions about solutions vendors are suggesting and continue this dialogue from the initial pitch through maintenance and operation after launch. Moreover, agencies should ensure that each conversation includes at least one person on the state side who has a deep understanding of the current technical landscape.

In addition, in some states the work requirement will likely be suspended in certain counties or the entire state due to disasters, high unemployment, and/or future political changes. States should prepare for this by building in an “off switch” to suspend the requirement when needed.

Changes to Applications and Renewals

New eligibility requirements from HR 1 will require states to gather additional information during the application and renewal processes. Agencies should keep the user experience in mind when asking for and collecting this additional information, by:

- **Making the online experience mobile-first.** Designing a website from the start to be used on a mobile device ensures access for all users and is more efficient than building and maintaining both a website and a mobile app.¹⁷ Nearly 30 percent of low-income households rely exclusively on smartphones for internet access, so enabling applicants to complete all steps of the application through their phones is essential.¹⁸
- **Simplifying the document submission process.** Submitting required documents can be a significant barrier that leads eligible people to lose coverage. A poor submission process causes churn and creates additional work for eligibility workers.

Document submission should be mobile-first and easy to return to. For example, users should be able to upload photos or files directly from their phones and to take photos of documents directly in the online application. The application should also accept several file types, including (but not limited to) PDF, JPG, PNG, and HEIC. Agencies could also provide a link over text or email to upload documents at a later date, which allows users to complete their application even if they don’t have all necessary documents on hand at the time of submission. According to a Civilla

study, improving mobile document submission led to a *1,300 percent* increase in document submission.¹⁹

- **Translating applications and notices into multiple languages.** According to the National Immigration Law Center, many people with limited English proficiency are eligible for Medicaid but are not enrolled, and they are three times as likely as fluent English speakers to be uninsured.²⁰ States should review all written materials and website translations to ensure accuracy and accessibility as they implement the complex new work requirement.²¹
- **Protecting privacy of data collected.** To implement the work requirement, state agencies will interact with more personally identifiable information and other sensitive data than ever. It is critical that agencies are intentional about how they collect and store data, a consideration known as data hygiene.²² They also need to be explicit about ownership of the data and data-sharing agreements with vendors and other state or federal agencies.
- **Using plain language and asking only what is needed to determine eligibility.** State online systems that use technical language, collect the same information multiple times, or ask for information not necessary for eligibility determination or renewals could lead to extended application completion times, additional burden for caseworkers, and churn. As suggested by Public Policy Lab, agencies can reduce this burden by removing jargon and acronyms, auditing the application to identify unnecessary information, and removing questions that duplicate verification.²³
- **Removing unnecessary identity proofing requirements from online portals.** Applicants should be able to apply for benefits without creating an account. While some amount of account authentication will be necessary for enrollees seeking to report changes or work activities or to renew benefits, agencies should ensure thoughtful design and avoid practices like biometrics or remote identity proofing.²⁴ Cumbersome processes decrease usage of online portals and create more administrative burden for individuals and eligibility workers, and they may drive some eligible people to give up and lose coverage.

Data and Evaluation

One of the most effective ways to monitor implementation of the work requirement will be by collecting and analyzing data. As we saw during unwinding of the continuous coverage provision following the end of COVID-era Medicaid policies, states and advocates can use timely data to identify system and policy errors as well as lift up best practices across states.²⁵

While CMS could mandate certain data reporting, states should prioritize data transparency and analysis from the outset to identify and quickly address areas needing improvement. States should consider collecting, analyzing, and publicizing data, including the number of people:

At application:

- Denied for not meeting the work requirement
- Procedurally denied (that is, they didn't submit a document or complete a required step in the application process)
- Required to submit more information
- Approved because they received an exemption (disaggregated by type of exemption and whether the exemption was granted automatically or through client action)
- Approved because they were in compliance (disaggregated by compliance activity and whether the exemption was granted automatically or through client action)

In active cases:

- Terminated for not meeting the work requirement
- Terminated procedurally (for failure to submit a document or complete a required step in the work requirement verification and/or renewal process)
- Automatically determined exempt (disaggregated by type of exemption)
- Automatically determined compliant (disaggregated by compliance activity)
- Churn (denied or lost coverage but reapplied within fixed amount of time, such as 90 days)

Appendix A: Summary of Medicaid and SNAP Work Requirements

Medicaid (All new)		SNAP		
		General Work Requirement	ABAWD* Time Limit (before HR 1)	ABAWD Time Limit – changes in HR 1
General Provisions				
Effective Date	1/1/27 (earlier at state option, up to two years later with good-faith exemption delay)	N/A	N/A	Effective on enactment (7/4/25); states beginning implementing in late 2025
Application Requirements	Must demonstrate compliance or exemption in one, two, or three months (state option) immediately preceding month of application	Must register for work (most states embed this in their application)	None	
Screening for Exemptions	None required	Required; usually part of application interview	Required; usually part of application interview	
Frequency of Verification of Compliance	State options: • Verify at renewal that enrollee was exempt or compliant for one or more months (state option) since last renewal • Verify more frequently	Only at application	Generally monthly, but if participant is meeting requirement through working, verify at renewal	
Time Limit if Non-Compliant	If state is unable to verify compliance, state must provide enrollee notice with 30 days to respond	None; must comply to enroll	Three months of benefits in 36-month period	
Age Range	19 through 64	16 through 59	18 through 55	18 through 64
Population	Expansion (Group VIII) enrollees and similar populations covered through state waivers	All non-exempt applicants 16 through 59	Exempt from ABAWD time limit if exempt from general work requirement	

Medicaid (All new)		SNAP		
		General Work Requirement	ABAWD* Time Limit (before HR 1)	ABAWD Time Limit – changes in HR 1
Exemptions				
Pregnant	Pregnant or entitled to postpartum Medicaid	None	Exempt	
Parent	Parent, guardian, caretaker relative, or family caregiver of dependent child 13 and under (or eligible under pre-ACA income limits and not in expansion population)	Parent or other household member responsible for care of dependent child under 6	Exempt	Parent or other household member responsible for care of dependent child under 14
Caregiver	Parent, guardian, caretaker relative, or family caregiver of disabled individual	Responsible for care of incapacitated person	None (general work requirement exemption applies)	
Medically Frail/Unfit for Employment	Medically frail or special medical needs including blind/disabled, disabling mental disorder, disability that significantly impairs one or more activities of daily living, substance use disorder	Physically/mentally unfit for employment	Medically certified as physically or mentally unfit for employment (including any veteran disability rating)	
Medicare	Eligible for or enrolled in	None	None	
AI/AN	Indian, urban Indian, California Indian, eligible for Indian Health Services	None	None	Indian, urban Indian, California Indian
Former Foster Youth	If under 26 (not part of expansion population because enrolled in a separate eligibility group)	None	If 24 or under	Exemption eliminated
Veteran	If total disability rating	None	Exempt	Exemption eliminated (though any veteran disability rating qualifies an individual as exempt based on unfitness for work)

Medicaid (All new)		SNAP		
		General Work Requirement	ABAWD* Time Limit (before HR 1)	ABAWD Time Limit – changes in HR 1
Homeless	None	None	Exempt	Exemption eliminated (though chronic homelessness can qualify an individual as exempt based on unfitness for work)
Rehab Participant	Participating in drug addiction or alcoholic treatment and rehabilitation program	Participating in drug addiction or alcoholic treatment and rehabilitation program	None (general work requirement exemption applies)	
Incarcerated	Incarcerated in public institution, currently or in last three months	Not eligible for SNAP if incarcerated; no exemption for recently incarcerated	Not eligible for SNAP if incarcerated; no exemption for recently incarcerated	
Inpatient Hospitalization/Out-of-State Medical Care	State option for inpatient hospitalization, receiving similar acute care, or if had to travel for treatment	None	None	
Enrolled in Other Programs with Work Requirement	Compliant with TANF; member of household receiving SNAP and not exempt	Exempt if meeting TANF work rules or receiving UI	None (general work requirement exemption applies)	
Compliance				
Working	80 hours/month (or income of \$580) (averaged over last six months if seasonal worker)	30 hours/week or minimum wage x 30 (considered an exemption)	20 hours/week	
Community Service	80 hours/month	None	20 hours/week	
Work Program	80 hours/month	Can be assigned to SNAP Employment and Training (E&T) by state	20 hours/week	

Medicaid (All new)			SNAP		
			General Work Requirement	ABAWD* Time Limit (before HR 1)	ABAWD Time Limit – changes in HR 1
Workfare		N/A	N/A	Compliant if hours worked are equal to SNAP benefits divided by minimum wage	
Education		Half time in higher ed or Perkins program	Enrolled half time (exemption)	None (general work requirement exemption applies)	
Combination of Hours		Can combine working, community service, work program, or education to reach 80 hours	None	Can combine working, work program, community service, and education (if part of E&T) to reach 20 hours/week	
Other Provisions					
Exemptions for Disasters or High Unemployment	Geographic Area	County or equivalent unit of local government	None	Areas as defined by the state	
	Unemployment Rate to Qualify	Unemployment rate at or above 8 percent or 1.5 times national unemployment rate	None	Unemployment rate over 10 percent or 1.2 times national rate, state qualifying for extended unemployment benefits, other options	Eliminates all but 10 percent unemployment rate, adds 1.5 times national unemployment rate for Alaska and Hawai'i
	Other Ways to Qualify	Emergency or disaster declaration	None	Does not have sufficient jobs to provide employment	Insufficient jobs provision eliminated

Medicaid (All new)		SNAP		
		General Work Requirement	ABAWD* Time Limit (before HR 1)	ABAWD Time Limit – changes in HR 1
Verification	Ex parte required for compliance and exemptions where possible	General verification procedures	General verification procedures	
Other State Flexibility	State may elect not to require verification of mandatory exemptions	None	States have flexible exemptions equal to 8 percent of total population subject to time limit	

* ABAWD = Able-Bodied Adults Without Dependents

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- ¹ Congress.gov, "H.R.1 - One Big Beautiful Bill Act," <https://www.congress.gov/bill/119th-congress/house-bill/1/text>. The work requirement is referred to as a "community engagement requirement" in the statute.
- ² Gideon Lukens and Elizabeth Zhang, "Medicaid Work Requirements Will Take Away Coverage from Millions: State and Congressional District Estimates," CBPP, July 22, 2025, <https://www.cbpp.org/research/health/medicaid-work-requirements-will-take-away-coverage-from-millions-state-and>.
- ³ This group needs coverage and without it may find it even harder to find a job. Some will have serious health conditions but may not meet the "medically frail" definition. Some states might consider using state funding to provide health coverage to some or all of the people who lose Medicaid due to work requirements.
- ⁴ Tricia Brooks *et al.*, "Are States Ready to Implement HR 1 and Medicaid Work Reporting Requirements?" Georgetown Center for Children and Families, September 4, 2025, <https://ccf.georgetown.edu/2025/09/04/are-states-ready-to-implement-hr-1-and-medicicaid-work-reporting-requirements/>.
- ⁵ CMS, "Quarterly Medicaid Enrollment Data – New Adult Group, October-December 2024, Medicaid MBES Enrollment," August 2025, <https://www.medicicaid.gov/medicaid/national-medicicaid-chip-program-information/medicaid-chip-enrollment-data/medicaid-enrollment-data-collected-through-mbes/index.html>.
- ⁶ Work programs are defined in section 6(o)(1) of the Food and Nutrition Act of 2008 and are grouped into five categories. One category, the Workforce Innovation and Opportunity Act (WIOA), consists of federally funded state and local workforce development programs for adults, dislocated workers, and youth. Other categories of countable work programs include participation in training programs approved by the Secretary for workers negatively impacted or displaced by foreign trade; the state's SNAP employment and training program (E&T), excluding supervised job search programs or job search training programs; SNAP workforce programs approved by the Secretary or state agency to supplement the SNAP E&T program; and a program of employment and training for veterans operated by the Department of Labor or the Department of Veterans Affairs, and approved by the Secretary.
- ⁷ Countable education programs include institutions of higher education and programs of career and technical education, such as a public secondary school or public or nonprofit technical institution. If an individual is enrolled less than half time, their credit hours can still be used in combination with other activities to count towards meeting the required monthly work hours.
- ⁸ HR 1 primarily uses the term "exception" for people who aren't required to comply with the work requirement to receive Medicaid, but it generally has the same meaning as "exemption," and the two terms are often used interchangeably.
- ⁹ See 42 CFR §440.315(f).
- ¹⁰ HR 1 requires six-month renewals (as opposed to the current annual renewal) for the Group VIII Medicaid expansion population and for individuals who receive coverage through a state waiver that covers all individuals who would otherwise be in Group VIII. This requirement does not apply in states such as Wisconsin and Georgia, which cover a similar (but not identical) population through a waiver.
- ¹¹ Steady IQ, "Introducing Income Passport," <https://www.steadyiq.com/income-passport>.
- ¹² truv, "Social Service Verifications Simplified," <https://truv.com/government>.
- ¹³ United States Digital Services, "Improving data services for benefits delivery," <https://assets.performance.gov/cx/files/OMB-CX-LifeExperience-FFS-ImprovingData.pdf>. IVaaS is currently being piloted for income verification in Louisiana and Arizona. KFF, "The Health Wonk Shop: How Will States

Implement Work Requirements?" September 11, 2025, https://www.kff.org/wp-content/uploads/sites/7/2025/08/HWS-Medicaid-Work-Req_Event-Transcript.pdf.

- ¹⁴ States may need to look at household information from a child's Medicaid case or other programs if a child in a household is claimed as a tax dependent by a non-custodial parent and therefore is not in the custodial parent's Medicaid household. For more information, see Beyond the Basics, "Determining Household Size for Medicaid and the Children's Health Insurance Program," September 2024, <https://www.healthreformbeyondthebasics.org/key-facts-determining-household-size-for-medicaid-and-chip/>.
- ¹⁵ Some states already have a "medically frail" designation for certain expansion enrollees who are eligible for a different benefits package, and may wish to review it in light of the work requirement. Other states will have to create a definition of "medically frail" and identify the different diagnoses and claims that qualify someone as medically frail. This logic for determining medical frailty will usually be built into the state's Medicaid Management Information System (MMIS), which is where Medicaid claims are processed.
- ¹⁶ An enrollee can be exempt from the Medicaid work requirement even if they are not complying with the SNAP work requirement if they are in a household receiving SNAP or have not yet reached the SNAP time limit.
- ¹⁷ Dustin Palmer, "The Missed Opportunity in Online Benefits Applications: Mobile First," Code for America, April 3, 2019, <https://codeforamerica.org/news/the-missed-opportunity-in-online-benefits-applications-mobile-first/>.
- ¹⁸ Risa Gelles-Watnick, "Americans' Use of Mobile Technology and Home Broadband," Pew Research Center, January 31, 2024, <https://www.pewresearch.org/internet/2024/01/31/americans-use-of-mobile-technology-and-home-broadband/>.
- ¹⁹ Civilla, "Online Enrollment: Modernizing Online Enrollment for Michigan's Largest Benefit Program," <https://civilla.org/work/online-enrollment-case-study>.
- ²⁰ Ben D'Avanzo and Gabrielle Lessard, "Improving Access to Medicaid for People with Limited English Proficiency," National Immigration Law Center, April 26, 2024, <https://www.nilc.org/resources/improving-access-to-medicaid-for-people-with-limited-english-proficiency/>.
- ²¹ These considerations remain important even with HR 1's restrictions on federal Medicaid funding for many categories of immigrants who are lawfully present, since many citizens and immigrants who remain eligible for Medicaid have limited English proficiency.
- ²² Drishti Pillai and Samantha Artiga, "What Privacy and Protection Standards are in Place for Medicaid Enrollees' Personal Data?" KFF, June 23, 2025, <https://www.kff.org/policy-watch/what-privacy-and-protection-standards-are-in-place-for-medicaid-enrollees-personal-data/>.
- ²³ Public Policy Lab, "Better Forms for a Better Democracy," July 22, 2025, <https://www.publicpolicylab.org/resources/better-forms-for-a-better-democracy/>.
- ²⁴ Symonne Singleton, "Remote Identity Proofing: Better Solutions Needed to Ensure Equitable Access," CBPP, August 27, 2024, <https://www.cbpp.org/research/health/remote-identity-proofing-better-solutions-needed-to-ensure-equitable-access>.
- ²⁵ Farah Erzouki, "Lessons From Unwinding Offer Opportunities to Streamline Medicaid, Improve Efficiency," CBPP, April 3, 2025, <https://www.cbpp.org/research/health/lessons-from-unwinding-offer-opportunities-to-streamline-medicaid-improve>.