



PUBLIC SECTOR SERVICES

Getting Medicaid Work Requirements Right

Policy and financial changes to existing state Medicaid programs can be disruptive for Medicaid members and state staff and processes. Alvarez & Marsal (A&M) helps HHS agencies execute critical initiatives to improve outcomes, manage costs and enhance functional efficiency in challenging environments.

During President Trump's first term, the Center for Medicare and Medicaid Services (CMS) approved 13 states' requests for 1115 waivers to institute "community engagement" or "work requirements" for certain working-age, healthy adults to be eligible for Medicaid coverage. An additional seven states had applications pending when President Biden began his term in 2021. With Trump now taking office, several states are considering adoption of work requirements for Medicaid eligibility in this cohort. If a state intends to condition Medicaid eligibility on a person's engagement in work — or community service or education — they will need to carefully ensure effective implementation and mitigate legal challenges.

More than 20 states are considering adoption of work requirements for Medicaid eligibility.

As has been [well documented](#), two states that launched work requirements encountered operational, legal and other challenges. In 2019, Arkansas lost a federal lawsuit that challenged its work requirements after more than 18,000 members were involuntarily disenrolled less than six months after the program was launched. Similarly, Georgia's Pathways program – a partial Medicaid expansion that does not receive enhanced federal matching funds – enrolled just 5,000 people as of October 2024, out of 175,000 estimated to be subject to the requirements.

To overcome the legal, operational and other challenges, states seeking work requirements will need to address significant issues. Below are just a few of the crucial factors:



Enrollee Awareness – Both potential enrollees and active members who are subject to work requirements should receive clear explanations in advance, and repeatedly, through multiple modes of communication that will reach them. Simultaneously, eligibility systems must be flexible and accommodate the needs of members that include literacy and language standards.



Inbound Communication – The state must establish the tools and capacity to respond to questions from multiple categories of stakeholders and should assist with online systems and paperwork required to maintain eligibility.



Flexible Eligibility Systems – More than 60 percent of adults on Medicaid today are already employed. But for many, the nature of their employment — such as capped work hours or hours that are uneven from month to month — can be inconsistent with community engagement. State eligibility systems should ensure these unique employment situations are captured with reasonable member input.



Disenrollment Proceedings – Action should be initiated only after the state has given fair notice. The eligibility system must also accurately track the steps in the disenrollment process to ensure the appropriate member impact and mitigate procedural and legal dynamics.



Appropriate, sufficient two-way communication and support with online systems and paperwork are crucial.



At Alvarez & Marsal, our advisors in Medicaid operations and strategy include experts in eligibility management, systems integration and stakeholder engagement. We are prepared to help states as they consider initiating or relaunching work requirements, and as they assess the capacity of their current programs for such changes. We look forward to partnering with you!

Contacts

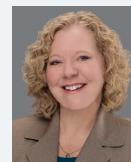


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