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An Early Look at State Approaches to Implementing Medicaid Work Requirements

Larry Levitt:

Welcome. I'm Larry Levitt, Executive Vice President for Health Policy at KFF. Thanks for joining us today for the release of our 24th annual survey of state Medicaid officials about eligibility and enrollment policies conducted along with the Georgetown Center for Children and Families. This year's report comes as states are poised to face the biggest rollback in federal Medicaid spending ever passed by Congress last year. While many of those federal Medicaid cuts are backloaded, the biggest reduction in new work requirement for Medicaid expansion enrollees goes into effect by January 1st.

This is a massive undertaking for states and it has significant implications for enrollees and the healthcare providers that serve them. The Congressional Budget Office estimates that work requirements will reduce federal Medicaid spending by more than \$300 billion over a decade, and ultimately increase the number of people who are uninsured by over five million. The new requirements will play out differently across the country. Many states are looking to ease the effects on people where possible, but some are taking more restrictive approaches.

States are also allowed to implement the work requirements more quickly. Three states plan to do so, including Nebraska, where the work requirement will go into effect tomorrow. We have the most comprehensive look at what states are planning, as well as the details of Medicaid eligibility, enrollment, and renewal policies that could affect how work requirements are implemented.

I'm joined today by Jen Tolbert from KFF and Tricia Brooks from Georgetown, and by Kate McEvoy, Executive Director of the National Association of Medicaid Directors, who will provide insights from the states about implementing the work requirements. We'll also answer any questions you may have, submit them at any time using the Q&A button in Zoom, and we'll get to as many of them as we can. With that, I'll turn it over first to Tricia and then to Jen.

Tricia Brooks:

Thank you, Larry. And thank you all for joining us today. Before I get started, I want to make sure that we send our sincere gratitude to the state officials who respond to the survey and bear with us through follow-up to make sure that we get it right. So thank you. Thank you.

And also, we want to discuss some of the other findings in the report that reflect on some of the other provisions of HR1. So let's start here with eligibility levels. As of January 26th, income eligibility levels remain stable across all MAGI groups. There were only two changes. Iowa received federal approval to lower pregnancy from 380 to 220% of FPL, which was reported as pending last year, and Nevada increased the pregnancy eligibility from 190 to 205% of the FPL. As this slide illustrates, Medicaid eligibility levels for all MAGI groups are higher in expansion states than non-expansion with the most significant differences impacting parents and adults, which will matter as states implement the reconciliation law.

In the next slide, we'll see that prior to the ACA, eligibility for parents was limited to very low income parents in many states, with expansion increasing the upper eligibility limit to 138% of FPL as shown in the green bars. The blue bars in this figure reflect the upper income level for 1931 parents who are exempt from work requirements. But 1931 parent income eligibility is as low as 12% of the poverty level or \$273 per month for a family of three. And 1931 parent eligibility is less than 50% of the poverty level in 24 expansion states, although several states had previously expanded parent coverage to 138.

Parents with income above the state's 1931 eligibility level will only be exempt from work requirements if they have a child under the age of 14. This means that many poor parents with teenagers must meet work requirements or be exempt. These parents will also be subject to semi-annual renewals, which I'll speak about in a few moments.

So in the next slide, we will look at some changes to immigrant eligibility. Beginning this October, HR1 limits federal funding across Medicaid, the marketplaces, and Medicare to legal permanent residents or green card holders, Haitian and Cuban entrants and migrants from Pacific Islands in the Compact of Free Association.

There is one exception to the new policy. In the 2009 CHIP Reauthorization Act, the Immigrant Children's Health Improvement Act, or ICHIA, allows states to waive the five-year waiting period for legally residing children and pregnant individuals. Now early drafts of HR1 would have eliminated this option, but that provision was dropped in the final law. So states may continue to cover all lawfully residing children and pregnant immigrants if they've picked up the option, which 39 states have done overall, including 30 states that cover both children and pregnancy, seven states that cover children only, and two states that cover pregnancy only.

We're going to turn to systems on the next slide. Improvements to eligibility systems and the use of reliable data helps states gain efficiencies and reduce

cost by automating manual administrative tasks. Multi-benefit eligibility systems also make it easier for states to share information across programs, which can be helpful as states implement HR1. Half the states have SNAP and TANF integrated into their Medicaid eligibility system, but as you can see from the slivers of green on this figure, that the 12 state-based marketplaces with Medicaid integrated into their marketplace eligibility system are much less likely to have non-health programs integrated as well.

Now integration is helpful in two ways. First, a SNAP enrollee who is not exempt from SNAP work requirements is excluded from having to also meet Medicaid work requirements. So integration will help states confirm SNAP enrollment to avoid duplicating verification of work. Second, integrated systems can also make it easier for states to implement semi-annual renewals for expansion adults, rather than just sharing income data for states to assess ongoing eligibility, states have the option to redetermine eligibility for Medicaid based on SNAP or TANF gross income.

15 states have adopted the SNAP option and eight states are using it in TANF. These state plan options originally allowed as Section 1902(e)(14) waivers can boost renewal ex parte rates, freeing up administrative resources to help implement work requirements and other provisions of HR1.

Other state plan options allowing states to verify zero income and income under 100% of poverty level, if there is no conflicting data, won't help with verifying work requirements, but can help increase ex parte renewal rates and avoid procedural disenrollments.

Moving on to look at some of our online tools. Online Medicaid accounts, which states began to use during ACA implementation have significantly reduced paperwork for individuals and states. All states, except Alaska, now have online accounts with a robust set of features. Additionally, 16 states have created mobile apps, which are still in early development and generally have fewer features. However, some mobile apps offer additional features such as selecting a managed care plan or help finding a provider. Mobile apps are specifically designed for smartphones and tablets, but 36 states report that they have also designed their online applications and accounts to reformat for mobile devices.

Now we'll talk a little more about renewals at this point, starting in January of 27, as states must renew coverage for ACA expansion adults every six months. You can go on to the next slide, please, Connor. At which time they must also verify compliance with work requirements. Lessons learned from the unwinding demonstrated that access to renewal dates in multiple ways increased communications throughout the renewal process, and boosting assistance from navigators and health plans helped retain eligible enrollees and reduce

procedural disenrollments. Many states have kept these procedures in place, including greater use of timely and cost-effective electronic communications via text, email, and online account alerts.

Now on my last slide coming up, before I hand it over to Jen to share what states have reported about work requirements, we know that starting in October of 2018, ACA expansion states, we can go to the next slide, please, Connor, must implement mandatory cost sharing for non-exempt services in an amount greater than zero and up to \$35 for expansion adults with income between 100 and 138% of poverty.

Half of the ACA expansion states currently charge cost sharing on some services to expansion adults. The other states that don't will have to add cost sharing. The law gives states some discretion in determining which charges and services are appropriate, but CMS guidance is needed to confirm the extent to which states have flexibility.

I want to end on a positive note. Since we last reported these data in 2020, the number of states charging cost sharing for 1931 parents has dropped from 35 to 19 states, and you'll find state level data on these and many other data points in the appendix tables in the reports. And with that, I'm going to turn it over to Jen to talk about what you're really here to hear about, and that is work requirements. Thank you.

Jennifer Tolbert:

Great. Well, thank you, Tricia. I appreciate that overview of findings from the survey. And before I get started, I just want to echo Tricia's thanks to states who really partner with us on this survey. We certainly couldn't do this work without their participation. We know it takes them time and resources, and we really appreciate their willingness to respond year after year.

So I'm going to shift the focus slightly to present survey findings related to implementation of work requirements, as well as findings from focus groups with a small number of Medicaid officials that we conducted in conjunction with the survey. So I'll just note these findings that I'm reporting are for the 43 states that are required to implement work requirements.

So just as a quick reminder, the reconciliation law requires states to condition Medicaid eligibility for individuals in the Affordable Care Act, Medicaid expansion, as well as enrollees and partial expansion waiver programs in Georgia and Wisconsin on meeting work or community engagement requirements. And to meet the requirements, individuals will need to work or engage in qualifying activities for at least 80 hours per month, be in school half-time or qualify for an exemption.

Okay. So let's jump in. Next slide. Thanks. So as Larry noted, most states are planning to implement work requirements on January 1st, 2027 as required by the law. However, three states are implementing early. Nebraska is implementing tomorrow. Montana plans to implement on July 1st, and Iowa will implement on December 1st. Arkansas is planning a soft launch implementation starting in July. However, the state will not disenroll anyone not meeting the requirements until January 2027.

So to verify compliance with requirements or exemption status, at a minimum, states must look back one month at application in the month immediately preceding the application and one month between renewal periods. So most states are adopting the least restrictive verification policies. 33 states will look back one month at both application and renewal, while four states will look back more than one month at either application or renewal.

And legislation in Indiana and New Hampshire requires both states to conduct quarterly compliance checks, and both states will look back three months at each quarterly check. All other states will check compliance every six months at renewal.

All right. Moving on to the next slide. Another area where states have flexibility is the adoption of optional hardship exceptions to the work requirements. The law permits states to adopt the short-term exceptions for individuals who live in counties with high unemployment rates or experiencing natural disasters, individuals admitted to a hospital or nursing facility, or those who must travel outside of their communities for an extended period to obtain medical care.

Now most states are planning to adopt all hardship exceptions in the law. However, two states are not planning to adopt any hardship exception, while three states do not plan to adopt all four exceptions. And at the time of the survey, 12 states had not yet made a decision.

So on the next slide, we'll talk about available and accessing new data sources. So states are required to use available data from reliable sources to data match or check work compliance or exemption status to lessen the documentation burden on enrollees and individuals and applicants, excuse me.

So states have long accessed data on income to verify Medicaid eligibility, and most states will continue to use income data from existing sources, but a priority for states as they implement work requirements is to identify and establish linkages with new data sources. And on our survey, 18 states indicated that they will access new data sources to verify work hours, school attendance, community service, or non-medical exemptions, including those for veterans

with disabilities and recently incarcerated individuals. Again, at the time of the survey, about half of states had not yet made a decision. Next slide.

So one reason why so many states had not yet made a final decision on accessing new data sources is that they faced several challenges in both identifying and establishing linkages with those new sources. Insufficient time to implement an ongoing cost associated with accessing new data were cited as challenges by over half of states. Lack of staff capacity was also cited by about half of states, and this issue of staff capacity came up in our focus groups as well. Participants noted that with the demands on staff time to make necessary systems changes as well as policy changes, there was just not the capacity to take on additional tasks such as identifying new data sources.

So moving to the next slide, another area of focus for states is identifying individuals who are medically frail and exempt from work requirements. Although states face a great deal of uncertainty over how to define and verify medical frailty because CMS has not yet issued formal guidance, they are nevertheless moving forward with putting structures in place.

Most states reported plans to use Medicaid claims data to automate the process of verifying medical frailty status. However, at the time of the survey, only 10 states had indicated that they had identified ICD-10 diagnosis codes and CPT procedure codes, so states will still have work to do to operationalize the use of the claims' data. And while data will automate the process of identifying medical frailty for some individuals, focus group participants noted that claims data will not be available for applicants and likely not available for new enrollees at their first six-month renewal.

In part, because of these data limitations, states are pursuing other verification strategies. 30 states are developing processes to obtain confirmation from treating providers and 29 states that said they would like to allow self-attestation under certain circumstances if permitted by CMS. And on this issue of self-attestation, in materials Nebraska released in advance of implementation of work requirements tomorrow, the state indicated it will permit self-declaration of medically frail status and enrollment in a substance use disorder treatment program, which is another exemption, for new applicants and enrollees who do not have claims confirming a qualifying condition or enrollment in a program. The state also noted that it will move from self-declaration to more automation over time.

Okay. Moving on to the next slide. To implement work requirements, all states will need to make pretty significant changes to their eligibility systems, but lengthy RFP processes and short budget windows limit the ability of states to contract with new vendors. So for these reasons and others, all states that had

made a contracting decision were planning to work with existing vendors, although six states reported that they planned to contract with both an existing vendor and a new vendor. And of the 30 states contracting with existing vendors, I'll note that Deloitte is the existing vendor for 16 of those states.

Now there's been a lot of discussion about the promise of AI to streamline the process of verifying work or exemption status. However, while focus group participants said they were eager for tools to assist with implementation, they expressed reservations about adopting untested products. They noted that if adopted, these tools might not function as intended or might take too many resources to integrate with existing systems.

Still, six states reported plans to use AI to assist with implementing work requirements. Five of the six states said they will use AI to help with processing documents and to enhance data matching capabilities, and two states will use AI to review claims or utilization data for specific ICD-10 or CPT codes.

Next slide. So while implementing work requirements will no doubt increase workloads for eligibility and call center staff, at the time of the survey, just 14 states had reported plans to increase eligibility staff capacity, with nearly half of states saying they had not yet made a decision. And of the states taking action to boost capacity, several are taking multiple steps, including hiring new eligibility workers, approving overtime and hiring contractors.

And so I'll wrap up by noting that states cited the need for guidance from CMS on a range of issues, but particularly on how to define medical frailty and whether states will have the flexibility to use their own definitions. We've heard recently that CMS may in fact allow states to define medical frailty rather than requiring them to use a federal definition. If that's the case, 22 states reported that they have a current medical frailty definition, though it's unclear whether these definitions align with the medical frailty provisions in the law. But in addition to medical frailty, states also want direction on what qualifies as community service, how to calculate half-time school attendance, and what is considered a significant relationship to qualify for the caregiver exemption.

States also said they want guidance on verification, requirements, and acceptable verification methods. The law requires CMS to issue an interim final rule by June and states are eagerly awaiting the release of that rule. And with that, I will turn it back over to Larry.

Larry Levitt:

Thanks, Jen and Tricia. And just a reminder, you can submit questions at any time using the Q&A button in Zoom, and we'll get to as many of them as we can. Kate, let me bring you in. That's a lot. As you know, states are implementing

these requirements in a very tight timeline. How would you characterize how things are going so far?

Kate McEvoy:

Larry and colleagues, thank you so much for the opportunity to join. And I first want to acknowledge KFF for conducting the survey, an incredibly important source of information. I do want to say at the outset, it is a point in time examination of a very dynamic process, and I hope I can fill in some pieces that are more recently arising that may help continue to expand our worldview of this.

I also would like to say at the outset, this exercise of implementing the work and community engagement provisions of federal law is very different than the experience we had during unwinding, where Medicaid programs had to reevaluate the eligibility of every single person on the program. During that process, we had an underlying body of both federal law and regulations that gave a roadmap, a very detailed roadmap for implementation.

This is a different scenario where CMS is developing that regulatory framework concurrent with states actually going ahead with implementation. So that's an important reminder of the very dynamic aspect of the work that we are doing in shared purpose with the federal government, and also why there hasn't been as much information publicly available as folks are very eager to hear in terms of the specific details. But let me share where states have been focusing.

First, want to say preparation for implementing these requirements began in earnest as soon as the law was enacted last year. Our member states came together, and that is at the director level and also senior leadership staff in domains that are really important to this work, eligibility, information systems, and also communicators, really to pose questions of interpretation on which they would appreciate more guidance from the federal government in terms of its intention.

So translating those questions presented, states have also moved forward with an intense array of activities. First, a lot of pieces that they could activate on themselves. So partnerships with sister departments, for instance, of labor and education, those are going to be two very important sources of information, not only for documenting that people meet the work and community engagement requirements, those who are subject to them, but also making sure that those who are exempt or excluded don't have to be subject to them.

So again, partnerships with sister departments. Also, I know Jen referenced intent around connecting with new data sources. I'll say more about that in the context of systems work, but non-exclusive examples there really are that labor data, the payroll data, examining opportunities to capture status of individuals

served by the program. For instance, if they've served as veterans, that's very live and CMS is a very important partner in that.

Also, states are doing a lot of preparatory work around partnering with their Medicaid advisory councils and the beneficiary advisory councils. And to folks who are participating in the webinar, I commend those as very important opportunities to not only see the progress of the state's map for this work, but also to be commenting, offering up lived experience from the communities as it rolls forward.

There's also going to be a very important role as there was during unwinding for managed care plans and also community-based providers. This is early because states are still working with CMS to settle the particulars of the implementation, and so no opportunity has been foreclosed there. There's also a lot of work on member and provider facing materials. So again, you have not missed anything there.

And finally, I'll just talk about that aspect that Jen wound up with, and that's really eligibility workers and call center staff. I actually don't find it surprising that you did not see all states committing to additional staff at the time the survey was fielded. This often necessitates appropriations that happen during the legislative sessions. Some states are still in session, and I think we see a lot of evidence across the country that states are very conscious of the need to increase capacity so they can be responsive to people who need help.

Larry Levitt: So Kate, you talked about these system changes. I mean, that can be a headache for states and certainly involves increased costs as well, but there are opportunities here to streamline the process, not just to comply with the work requirements, but potentially for eligibility and enrollment. Generally, can you give some examples of where some of those innovations are happening and where you think it can improve things for beneficiaries?

Kate McEvoy: Absolutely. It's important to recognize this work is very important in its own right and really key to the success of bringing us into implementation, but it's also part of a longer arc. And again, I want to revisit unwinding. During unwinding, states made huge progress with helping to reduce administrative burden for members served by Medicaid by using what's called ex parte or automated renewal processes.

Everyone is very much on board with continuing to build out the extent to which folks can see their renewals conducted through these means. The federal law around work and community engagement specifically requires states to use that methodology and to automate it before having to go either to the member or also to different sources of information in terms of determining their continued

eligibility. So just really one important example of the fact that this work is continuing on an arc of development.

As I started to say a minute ago, states have done a lot of work around data sources. New data sources are going to be important, first, to determining that an individual meets work and community engagement, so either meets the required number of work or volunteer hours or a combination of both of those. Also, crucial to determine if an individual is not subject to work in community engagement by reason of a number of different types of attributes that are really outlined in the federal law.

So in support of that, again, the connections with labor data, payroll data, very, very important at the local level, but also states have asked CMS to build out the array of data that is available through federal data hubs that states have been using since the initial rollout of the Affordable Care Act, and especially for supporting eligibility determinations for the expansion population.

Another piece that is very important to know about right now is CMS is piloting some tools that I think are going to be quite important and novel in terms of the way that we handle things. One example is a tool called Eligibility Made Easy. It's called by the shorthand EME. And EME is designed to wrap around automated or ex parte eligibility processes by connecting to payroll services. It's also designed to connect to the National Student Education Clearinghouse, so that can document if folks are in qualifying educational programs. And finally, it gives a means of uploading documents to support if folks are volunteering in the community.

What's really interesting and novel about this approach is it's an open source code. So CMS is originating a tool that they're sharing on a no cost basis with states. This is very helpfully disruptive to say you would do that for all states. They can layer that onto their existing eligibility processes, and it will really give an opportunity to build out the automation of the way that they're doing things.

Also, CMS has brokered quite a few arrangements with tech vendors to give reduced prices and also to scale solutions across the country. And I'll just wind up by saying that another newer piece that is coming out of CMS is a contract with a vendor on advanced texting and emailing with messages for members, not only around these changes, but the timing of when the changes will relate to them.

So that over and above what states are doing with their own systems, again, data sources, some are using AI, as Jen mentioned, and then reserving staff for the folks who need the help the most because systems are not going to work for everybody.

Larry Levitt: So speaking of CMS, we're obviously all eagerly awaiting the guidance from the federal government for how this can be implemented and states are certainly not waiting for that to proceed with implementation, as you've talked about. But what are some of the big outstanding questions that states need to know from that federal guidance in order to proceed?

Kate McEvoy: Yeah. Jen, I think did a wonderful job of billboarding a number of those. Just for everyone's benefit on the webinar, there are some areas of the law that are very specific, and I think states can track very readily to them. There are other areas where CMS actually has some discretion to interpret, and Jen gave some very important examples, particularly around exemptions for the work and community engagement requirements.

One of those relates to individuals with so called medical frailty. That is an umbrella term that, again, has to be brought to earth in terms of making sure that systems adequately encompass the whole array of folks who should be exempt on that basis by reason, for instance, of disability or other chronic condition.

Another example is folks who are family caregivers and examining really how that applies. When you look at the kind of range of caregiving circumstances, do people have to be located in the same home? What amount of investment of hours of caregiving is required? These are all really important means of making this specific application of this requirement, again, operational on a day-to-day basis.

I will say that the central crux of what we hear from CMS, and I will just say CMS has been working with states very specifically through a work group that we first piloted during unwinding. That work group meets every other week to really start discussing operational questions like this, how to translate them.

CMS has also been very involved with the four affinity groups that [inaudible 00:35:03] sponsors for eligibility folks, CFOs, systems folks, and communicators. So there's a very active workshopping process around these questions, and that's moving forward to CMS final interpretation. But the kind of crux of medical frailty, just using that as an example is what is the degree to which CMS will direct states around a specific method over and above using available data sources.

So examples of those would be claims data, it could be data from home and community-based waivers, it could be data from care plan notes, and also means of self-declaration, which was referenced in respect to what Nebraska plans to do. So again, those type of interpretive questions, that's rapidly moving to CMS, really publicizing data around that.

States, I'll just wind up to say also have a lot of important questions around the interrelationship of these requirements to other eligibility statuses like prospective eligibility, like retroactive coverage, and all those things are being raised in that work group that I mentioned.

Larry Levitt: So it sounds like you're in a lot of meetings with CMS these days.

Kate McEvoy: Yes. It is. And it's a necessary process. Very, like I said, live and dynamic, moving forward the arc of the work, which is very complex.

Larry Levitt: So looking back, there were a couple states that implemented work requirements under waivers, Arkansas, Georgia. One of the issues that arose there was difficulties that some groups of enrollees had navigating the system. They may have already been working, qualified for an exemption, but had difficulty navigating the process. In your conversations with states, are there specific groups that you think states are particularly worried about as this plays out? And what are the things they're doing to try to avoid that?

Kate McEvoy: Yeah. There's a lot of learning already on this. And I think the opportunity through our work group and then also through a summit we recently held for state officials, for folks to talk candidly and plainly about what they can learn from the past experience and what is important from a preparatory standpoint for everybody to look at. I'll just revisit everybody's focused on expanding ex parte.

So we're just about at 50% of applications that are able to be resolved, I should say, redeterminations for eligibility that can be resolved through that automated process. So again, the effort is reduce as much burden for people as possible. And again, using those automated processes for work and community engagement, everyone wants to point there all the information and guidance from CMS, as well as the federal law say that's where states have to start to make sure there's as much data used as possible.

And again, to avoid having to go to people that provide additional pieces. That source of material for states, again, going beyond what has historically been maybe typical using claims data to show what types of medical care an individual has used, what medical settings they've been in, to use notes from care plans. So for instance, if someone is served by a home and community-based waiver and is getting that care in a community, again, care plan notes around their needs, also examining opportunities for medical screeners for people who are entirely new to Medicaid because they won't have any history.

And I think another emphasis point is people for whom we know there are already significant barriers. For instance, people experiencing homelessness

already have enough challenges in terms of connecting with a medical system. So claims won't be illustrative of their experience, their chronic conditions or their disabilities. We need extra help and again, partnering with community organizations with that.

This is another instance, one of many in Medicaid's history when really many partners will have a role in this. Again, I'll point to managed care organizations with their very close relationship with Medicaid members and their knowledge of people for whom continuity of coverage is essential and also community-based organizations and just acknowledging that the trust basis that CBOs have with people served by the program. And again, as we did during unwinding, that's going to be crucial.

Larry Levitt: So we have a lot of questions from the audience, which I want to work in, but one final question for you, Kate. So fast-forward to January 1st, 2027. How are we going to know how this is working? When are we going to know how many people are dropping off Medicaid? How many people are qualifying for exemptions? What kind of data are we going to have from states to track what's going on?

Kate McEvoy: Yeah. I expect we're going to hear very soon from CMS on this. I'll just point to the fact that over unwinding, I think a lot of conventions were adopted that were really important to essentially tracking what happened, and not the least of which was a very significant Medicaid and CHIP eligibility, operations and enrollment snapshot that's produced on a monthly basis. If you're not aware and tracking that report, I'd really commend it to your attention. It has a lot of detail on ex parte rates, on renewals, on timeliness, and it breaks it out on a state-by-state basis across the country.

We know that the states are already reporting on many of those performance indicators. And what I would anticipate is that we would be building out and incorporating many of those features within the body of that report. I'd also say this is an instrumental time to be saying to CMS what you want to see because that guidance has not actually been issued yet. So really good question.

Larry Levitt: So as I said, we have a lot of questions from the audience who want to get to as many of them as we can. And Jen, let me bring you back in. So we have a question about Nebraska, which is, as we said, is implementing the work requirement tomorrow. What are you going to be watching for in terms of how that plays out? What might be working well, what might not be working well? And what is the earliest that some existing Medicaid enrollees in Nebraska might actually lose their Medicaid coverage?

Jennifer Tolbert:

Yeah. I think Nebraska going early is going to allow us to... I mean, it's one state example, but will allow us to see what might be working, what aspects of implementation may not be working well. I think one of the challenges though, and Kate alluded to the data that's available through CMS, the problem is a lot of the data we have lags by several months.

And so I think what we're going to need is either the state to be willing to report metrics that can help us monitor or we'll have to count on organizations that are there on the ground in Nebraska and can be following how this is playing out with the populations that they serve. But certainly the way the law is set up for anyone who has a renewal that comes up in May, the individual, if they are unable to be automatically verified as meeting the requirements or qualifying for an exemption, they will have 30 days to provide documentation to the state to confirm that they are still eligible.

So I think in terms of looking at, first, disenrollments. It may be June, maybe July probably more likely when we'll start seeing people lose coverage.

Larry Levitt:

Got it. And Kate, back to you, we had a question about the administrative costs here. I mean, how much is this all going to cost to administer and how is that being paid for? Do you have any estimates from states about what that cost is going to be?

Kate McEvoy:

Yeah. Let me just say generally, the law did appropriate some funding for states, and there have been two tranches of that that have been distributed. There is also a longstanding process through which the federal government underwrites 90% of most systems costs for Medicaid operations. And so that process, which states use essentially a document that maps the project they want to implement, there's been a template that's been developed by CMS to accelerate that progress and also a systems roadmap that the data systems group at CMS has produced to really streamline and smooth that process.

What I would say is this is going to vary by states. There are states that are using the underlying chassis of their existing, either self-management of their systems. Nebraska is an example of a state that manages its own eligibility system. So it will have all the levers there and also more currency of data than some states may have. Some states will work with vendors and layering on these features there.

And then the pieces around, the tools that CMS is rolling out, like on an open source basis, the EME tool is not going to cost states anything for the code. So that's a new way of approaching things on Medicaid. And we have long said across Medicaid programs that reducing systems costs is a really important aim, especially when we're looking at waste in the program.

Larry Levitt: And Kate, we also had a question about what data sources states are accessing in order to verify work, ADP, other payroll providers that may be part of the EME system. Do you have examples of how states are going to use these other sources?

Kate McEvoy: Yes. So states have long used the Federal Data Hub, which has many different indicators for eligibility. And again, there's been a lot of dialogue between states and CMS around broadening that array. As I said, states also have activated.

So for instance, partnering with their sister departments of labor and education, that's a ready source of information around wages and also around enrollment in qualifying educational programs. We hear that CMS will take an expansive view of the programs that will qualify really from high school and beyond, including trading programs and college and the like. So those pieces are important.

And then like I said, that EME tool builds in direct interface with all the major payroll services like ADP. I don't want to slay other payroll services, but ADP comes to mind, and that's a consent-based tool. So Medicaid members will have the opportunity to give permission for Medicaid programs essentially to layer on that EME tool, which will give very live and real-time data. That's not going to have a data lag like some of the sources we've had historically.

So for instance, through the IRS, and so those are the types of pieces. EME will also give states a reduced cost means of getting data through that National Student Clearinghouse, and that's a first ever source of data for the program. I'll just wind up by saying there are other sources that folks are very keen to automate, for instance, VA status.

Currently, there's a way of downloading a form to show that an individual has qualifying veteran status, but that's really for later years. Jen talked about the fact that there's really going to be a reality for the first year of using what is currently available, and then a kind of developmental curve of building additional pieces in. And I think the federal government really has identified a means of using its leverage to do that.

Larry Levitt: Tricia, let me bring you in. There's a question about parents being exempt. Parents with kids up to age 14 are exempt, but how about parents of kids over age 14 who may have a disability, who they're caring for? Are there broader exemptions?

Tricia Brooks: Yes. I think that would fall under the Raise Family Act, which is the definition of the caregiver. If you're giving care to a disabled family member, regardless of the age, you could be exempted. But this is one of the areas that we do worry

about a bit in terms of states being able to clearly identify who those people are. And I think as Jen had mentioned, we don't know the extent to which they're going to determine if that person is disabled. Do we have to prove not only that we have someone who's disabled in our household we're caring for, but do we have to prove their disability qualifies for that purpose?

Larry Levitt: And based on the data you presented early on, I mean, this is not just adults without children who are potentially affected here. So there will be parents who are also affected by the work requirement, just not parents with kids up to age 14, right?

Tricia Brooks: And there are disabled people too in the adult population, like children who don't qualify for SSI as an adult are going to be disabled and that might not be clear to the states as well. I think we should point out that it would be really important, I think for states to actually be very clear in their communications that parents with income up to X amount don't have to worry about this. They don't have to prove anything, but I'm not sure that all states yet are including those messages. And so I do worry about 1931 parents being swept into this.

Larry Levitt: And-

Kate McEvoy: Tricia, that is a very much of a shared concern. It's been a live subject of discussion in that work group that I referenced. And I think states have a lot of consciousness about not only notices to the expansion population, which is immediately affected by not only the work requirements as they apply and as their exemptions, but also other folks on the program who may have interpretive questions. I also want to identify folks want to make sure that children who remain eligible will not have a disruption in coverage. So those are very, very live parts of the dialogue.

Larry Levitt: And Jen, we also had a question about how they will determine whether someone is a parent of a kid up to age 14. Are states looking at using automated ways of doing that, either Kate or Jen?

Tricia Brooks: Yes.

Kate McEvoy: Yes.

Tricia Brooks: Go ahead, Kate.

Kate McEvoy: That's really the- Yeah. Part of the eligibility process that was inaugurated with the Affordable Care Act, and that's treatment of a family or co-located group of family members as a household, the modified adjusted gross income, MAGI method. So there is an examination of the composition of that household. So a

lot of data available on households with children on that, both for purposes of examining the exemptions, but also, again, treating people who are part of different eligibility groups, the expansion group versus coverage for children in the way that they need to be treated distinctly.

Larry Levitt: A lot of questions about how groups outside of states might help in this process. Kate, you referenced that some, you talked about managed care plans. We had questions about community groups, what role they might play. And Jen, maybe start with you. I mean, looking back to the unwinding process, the unwinding of the continuous enrollment during the pandemic, what did we see there? What did we see in terms of groups helping that process, helping ensure that people get covered when they're eligible?

Jennifer Tolbert: Yeah. I think engagement with community organizations around outreach during unwinding was actually one of the success stories of that process. I think states worked very hard to build collaborative relationships with managed care organizations, but also with community-based organizations to share information about the unwinding process, but also to engage them in helping to get the word out to individuals.

And it seems in this circumstance that engagement with those organizations is going to be even more important, but also a little bit more challenging in the sense that during unwinding, the message went out to everyone on the Medicaid program. Everyone on the program had to be redetermined. But in this case, as we've discussed, only certain individuals are going to be subject to the work requirements.

So I think the messaging is a little more challenging, but again, equally important to engage organizations, make sure that they are able to convey to the populations they serve who is subject to these requirements and who is not, so that people who don't have to worry about ensuring that they are working or show that they are exempt just aren't concerned about that and in ways that could potentially lead them to either not complete a renewal process or perhaps not imply in the first place.

Tricia Brooks: If I can jump in here, I would say that I think it's important that states start to share their processes and procedures with stakeholders. During unwinding, we had CMS pretty much directing states and providing lots of public documents and issue briefs and state official letters, et cetera, that we could all get our arms around and understand what was expected of states.

And we're not seeing that as much this time around. I think Kate outlined some reasons for that, but we are now seven months before this happens. And there are a lot of people who really need to understand what is the state's approach

going to be. If they don't have that kind of information, they're not going to be able to help in the same way they were able to help during unwinding.

Larry Levitt: Kate, let me ask you. So we are seven months out, what can we expect in terms of when some of this broader communication might happen from states?

Kate McEvoy: Yeah. At first, I just want to go back to what I said at the outset, and that is you have not missed that yet. I think folks may be concerned that there has been something that's occurred at the engagement level with states. We're poised for that.

In the very near future, we expect more specific CMCS guidance to be coming out. CMS has also signaled that it will be producing a toolkit around messaging. As I said, they're also planning that project with a vendor around advance texting and emailing. There will be opportunities to help contribute to refining those messages. Folks who are working in the community and have regular opportunities to partner with folks who are served by Medicaid are crucial to understanding what might not translate about this. Again, what Jen said about having to differentiate expansion and non-expansion people to whom this applies and who it does not. But I think we are poised for much more detail very soon.

And also, I just want to wind up by reminding people about those Medicaid Advisory Councils or MACs and also Beneficiary Advisory Councils. Every state has those forums. Those are going to be incredibly important channels, not only for seeing what the state is issuing around its plans, but also the reciprocal sharing of information and to use that on a dynamic basis to say, "Are things occurring as intended?"

And everyone wants to be pivoting. That was a key aspect, and Jen talked about this so wonderfully during unwinding, it was a live and dynamic process where a lot of refinements and course corrections were made. That's still the intent at the level of all state officials is looking at that over time and making sure we're doing this right.

Larry Levitt: Well, we are coming close to the end of the hour, which went fast. I'm pretty sure we're going to need another hour sometime later to talk about all this at least. I just want to wind up ask each of you and start with you, Tricia. What's one thing that's keeping you up at night that you're worried about as this plays out? And what's one thing, particularly seeing the survey results from the states and the conversations with states that gives you some hope that this may go smoother than expected?

Tricia Brooks: Yeah. Well, what keeps me up at night is that this is too much too soon, that an 18-month timeline for implementation of this kind of a major policy leaves states in the lurch a little bit. I think it's going to be very hard for this to come off smoothly, certainly not in all states.

And I do hope that what gives me hope is that the states have chosen sort of the streamlined way to go out of some of the policy options. We didn't have the information on renewals prior to fielding the survey, or we would've asked them if they plan to pick up option one or option two. The option two is one that just lets everybody go smoothly throughout the year without front loading a lot of work. So I'm hoping, I wish we had that answer, but I'm hoping that option two is going to be the choice of all the states.

Larry Levitt: Thanks. And Jen?

Jennifer Tolbert: Sure. I think I just have to echo Tricia's comment. The thing that keeps me up at night is just this short implementation timeframe and how little information there is available. And again, notwithstanding the fact that CMS is having informal conversations with states and is poised, it seems to issue the rule as required by the law in June.

It's still that information is coming awfully late for states to be able to get all of the pieces in place and working well by January 1st. But what I will say, what does give me hope is partly what we were talking about before, about the experience from unwinding. States made great strides in automating processes during that period, and they are building on that to be able to further automate some of the verification of work requirements as well as exemption status. And while that's not going to be easy, again, they have an existing infrastructure that they are working with and we are hopeful that they will get where they need to be by January.

Larry Levitt: And Kate, you get the last quick word here.

Kate McEvoy: I'll just echo Jen in saying I have the great privilege of working with Medicaid leaders from across the country. They're bringing incredible thought, care, intention, and energy to this. They deeply care about the experience of members. They're building on that arc of work to improve eligibility processes. And again, all of us wants that more transparency on the specifics. We're moving there rapidly, and I really appreciate the chance to be able to speak on their behalf.

Larry Levitt: Well, Kate, Tricia, Jen, thanks for the terrific discussion. Thanks to the audience and a reminder that a recorded version of this will be available later if you want to relive it again. But thanks again for joining us.

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