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Medicaid Work Requirement – Is it Really “Community Engagement”, What is It, and Will it Work?

A Presentation by
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Presentation Overview

Purpose of this Presentation

- To examine how the One Big Beautiful Bill Act of 2025 reshapes Medicaid work requirements.
- Define what “Community Engagement” really is under the OBBBA.
- To analyze the legal, policy, and practical implications for people with disabilities.
- To highlight gaps in exemption criteria and risks of coverage loss.

Key Topics

- “Work Requirement” history from an Arkansas perspective.
- Community Engagement – What is It and Whom is Covered.
- Policy Discussion / Debate.

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Three Questions

- Is there such thing as a “Medicaid Work Requirement?”
- Whom is impacted?
- Will the requirement achieve its stated goals?

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Why does this topic matter?

Medicaid work requirements under the One Big Beautiful Bill Act raise serious legal concerns—especially for people with disabilities who may not qualify for exemptions. These changes touch on disability rights, due process, and administrative law, and they pose real risks of wrongful disenrollment. Lawyers will be central to shaping compliance, defending access, and guiding litigation in this evolving policy landscape.



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History of Work Requirements Through an Arkansas Perspective

- The Patient Protection and Affordable Care Act (ACA) mandated states expand access to Medicaid to many adults with incomes up to 138% of the federal poverty level. ¹
- Later, the mandatory nature of Medicaid expansion was ruled unconstitutional. ²
- However, over time 41 states and the District of Columbia have adopted some versions of Medicaid Expansion. ³
- Also see Exhibit A.

¹H.R.3590 - 111th Congress (2009-2010): Patient Protection and Affordable Care Act, H.R. 3590, 111th Cong. (2010), <https://www.congress.gov/bills/111th/congress/legislation/3500-4000/3590>.
²Id. at 270.
³ACA, Pub. L. No. 111-148, § 1901, 124 Stat. at 271.
⁴West v. IUPUI, 591 U.S. 419, 438 (2010).
⁵Kaiser Family Foundation, Status of State Medicaid Expansion Decisions, KFF (Sept. 12, 2025), <https://www.kff.org/medicaid/status-of-state-medicare-expansion-decisions/>.

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Exhibit A

Status of State Action on the Medicaid Expansion Decision
 ■ Adopted and implemented (25 states including DC) ■ Not adopted (23 states)



Note: "States that adopted expansion coverage on regular dates to take steps to mitigate increases in state costs of federal funding for the expansion's rollout."
 Source: KFF tracking and analysis of state action on Medicaid expansion and funding. States "adopted" expansion coverage on the date they began implementation of the expansion. States "not adopted" expansion coverage on the date of the decision to reject expansion. The latest implementation date for states that adopted expansion is September 21, 2024. For the latest information, see <https://www.kff.org/medicaid/status-of-state-medicare-expansion-decisions/>.

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History of Work Requirements Through an Arkansas Perspective

- Arkansas adopted a unique form of expanded Medicaid expansion in late 2013.⁴
 - This form of Medicaid expansion uses Medicaid dollars to pay premiums to private insurers to provide coverage to the expanded group. This is the so called "Private Option."
 - This program is known as ARWorks or ARHome.
 - So far this version of expanded Medicaid has survived myriads of legislative maneuvers.
- Arkansas attempted its first "Work Requirement" in 2018.⁵
 - The Work and Community Engagement ("WCE Requirement") requirement applied primarily to ARWorks beneficiaries ages 19 – 49.⁶
 - Arkansas Department of Human Services ("DHS") estimated approximately 69,000 recipients would be impacted by the WCE Requirement.⁷

⁴Ark. Dep't of Human Servs., Arkansas Health Care Independence Program ("Private Option") 1115 Waiver Application 1 (Aug. 2, 2013), <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topic/Waivers/1115-downloads-on/Health-Care-Independence-Program/Private-Options-on-private-option-waiver-application-1115-2013.pdf>; Kaiser Family Foundation, Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees, KFF (Dec. 18, 2018), <https://www.kff.org/medicaid/medicaid-work-requirements-in-arkansas-experiences-and-perspectives-of-enrollees/>.

⁵Ark. Dep't of Human Servs., Work & Community Engagement: Proposed Evaluation Design & Strategy – Arkansas Works Evaluation Design (Aug. 2018), <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topic/Waivers/1115-downloads-on/Health-Care-Independence-Program/Private-Options-on-work-and-community-engagement-chip-1115-2018.pdf>.

⁶Ark. Dep't of Human Servs., Work & Community Engagement, *supra* note 6, at 9.

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History of Work Requirements Through an Arkansas Perspective



2. Work and Community Engagement Overview

The ARWorks demonstration is targeted to individuals 19-49 years old. Based on data as of March 2, 2018, there were 17,449 ARWorks beneficiaries ages 19 – 49 (out of a total of 278,716). However, the majority of these individuals will not be a part of the exemption criteria. Approximately 69,000 have no initial exemptions identified through system data.

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History of Work Requirements Through an Arkansas Perspective

- There were a number of exceptions to the WCE Requirement. To be exempt the beneficiary needed to:
 - Work at least 80 hours per month,
 - Attend school full time,
 - Receive SNAP benefits,
 - Receive TEA Cash Assistance,
 - Be medically frail or disabled,
 - Incapacitated in the short term or otherwise unfit for unemployment,
 - Caring for an incapacitated person,
 - Live in a home with a dependent child age 17 or younger,
 - Receive unemployment benefits,
 - Participate in a substance abuse treatment program, or
 - Be pregnant or entitled to postpartum care
- Within 9 months of implementation approximately 18,000 Medicaid recipients lost coverage⁹.
- Many Arkansans were not sure if policy actually went into effect¹⁰.

⁹Ark. Dep't of Human Servs., Work & Community Engagement, *supra* note 6, at 4.

¹⁰Marissa Coleman and Sara Pedersen, "Work Requirements for Medicaid Enrollees" (opinion), Commonwealth Fund, Jan. 14, 2019, <https://doi.org/10.26090/cfm-0000-0000-0000>.

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History of Work Requirements Through an Arkansas Perspective

Exemption Criteria*	•Beneficiary's income is consistent with being employed or self-employed at least 80 hours per month •Beneficiary attends high school, an institution of higher education, vocational training, or job training on a full-time basis •Beneficiary is exempt from SNAP work requirements •Beneficiary is receiving TEA Cash Assistance •Medically frail / Disabled •Beneficiary is incapacitated in the short-term or is medically certified as physically or mentally unfit for unemployment •Beneficiary is caring for an incapacitated person •Beneficiary lives in a home with a dependent child age 17 or younger •Beneficiary is receiving unemployment benefits •Beneficiary is currently participating in a treatment program for alcoholism or drug addiction •Beneficiary is pregnant
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History of Work Requirements Through an Arkansas Perspective

- Large percentages of persons impacted experienced delayed care and delayed access to medications¹¹.
- This first "work requirement" did not last long.
 - The United States District Court for the District of Columbia held the Department of Human Service's approval of the "work requirement" was arbitrary and capricious¹².
- The Court held that the department had failed to demonstrate how the waiver furthered Medicaid's "core goal" of furnishing medical assistance to persons that struggle to afford it¹³.
- In support of it holding the Court relied heavily on previous case that dismissed Kentucky work requirement. *Stewart v. Azar*, 313 F. Supp. 3d 237 (2018)¹⁴.
- Of course, the important point to note is that the Court was interpreting a regulation as opposed to a statute.

¹¹ *Id.*
¹² *Id.*
¹³ *Grisham v. Azar* 363 F. Supp. 3d 165, 175 (2019).
¹⁴ *Id.*

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History of Work Requirements Through an Arkansas Perspective

- Pathway to Prosperity
 - Arkansas applied for an amended "work requirement" on January 28th, 2025 titled the "Pathway to Prosperity"¹⁵.
 - As part of its waiver request the State of Arkansas noted that there are approximately 220,000 persons on it's Medicaid expansion program¹⁶.
 - This Pathway to Prosperity is really just an amendment to the original "work requirement" waiver granted in 2018.
 - However, unlike the original waiver request, Pathway to Prosperity is designed to rely on personal interaction rather than technology to identify persons whom should receive "extra support to reach health and economic goals"¹⁷.
 - The amended waiver notes that many Medicaid recipients should have received exemptions from the original waiver¹⁸.
 - Pathways to Prosperity contemplates a program with no exemptions. Beneficiaries are either "on track" or "not on track" as defined by DHS¹⁹.
- Status of Arkansas's Medicaid Work Requirement since passing of One Big Beautiful Bill Act ("OBBBA").

¹⁵Ark. Dep't of Human Servs., *Pathway to Prosperity 1115 Waiver Amendment 1* (Jan. 28, 2025), https://governor.arkansas.gov/wp-content/uploads/Pathway-to-Prosperity-1115-Waiver-Amendment_DHS-Final_4-28-2025.pdf.
¹⁶Ark. Dep't of Human Servs., *Pathway to Prosperity*, *supra* note 15, at 5.
¹⁷Ark. Dep't of Human Servs., *Pathway to Prosperity*, *supra* note 15, at 11.
¹⁸*Id.*
¹⁹Ark. Dep't of Human Servs., *Pathway to Prosperity*, *supra* note 15, at 4.

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Work Requirement or Community Engagement –
What is it and who is covered?

- National Medicaid “Work Requirement” is found in the One Big Beautiful Bill Act (“OBBA”).
 - *One Big Beautiful Bill Act*, Pub. L. No. 119-21, 139 Stat. 72 (2025).
 - Title VII – Finance
 - Subtitle B – Health
 - Chapter 1 – Medicaid
 - Subchapter D – Increasing Personal Responsibility
 - Section 71119 – Requirement for States to establish Medicaid community engagement requirements for certain individuals.
- Now codified as 42 U.S.C. §1396a(xx) (2026).
- There is actually no “work requirement”. Rather the OBBA refers to a “community engagement” requirement²³.
- Community Engagement only applies to “applicable individuals”²⁴.
 - Applicable individuals are persons enrolled in a Medicaid expansion program²⁵.
 - As a result Community Engagement is anticipated to apply to approximately 22.8 % of all Medicaid beneficiaries^{23,24}.
 - See Exhibit D.

²³42 U.S.C.S. §1396a(xx)(2) (2026).

²⁴Id.

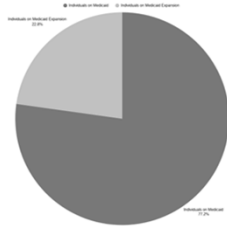
²⁵42 U.S.C.S. §1396a(xx)(A)(X)(1) (2026).

²⁶Kaiser Family Foundation, Medicaid Expansion Enrollment, State Health Facts, KFF, <https://www.kff.org/medicaid/state-indicator/medicaid-expansion-enrollment/?currentTimeframe=0&sortModel=-rank&location=all-states%2FUS> (last visited Sept. 22, 2025).

²⁷Medicaid & CHIP, Medicaid and CHIP Enrollment Data, Report Highlights, Medicaid.gov, <https://www.medicare.gov/medicaid-program-information/medicaid-and-chip-enrollment-data/report-highlights> (last visited Sept. 22, 2025).

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Exhibit D



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Work Requirement or Community Engagement –
What is it and who is covered?

- When does Community Engagement become effective?
 - No later than the first day of the first quarter that begins after December 31st, 2026. So, effectively sometime in early 2027²⁶.
- What is Community Engagement?
 - Community Engagement is tested on a month-to-month basis²⁶.
 - An applicable individual meets Community Engagement requirements in any given month if he or she²⁷:
 - Works not less than 80 hours,
 - Completes not less than 80 hours of community service,
 - Enrolled in an educational program at least half time,
 - A combination of all the above,
 - Has monthly income not less than federal minimum wage X 80 hours, or
 - A seasonal worker as described in the statute²⁸.
- Community Engagement includes a number of items other than “work” in the traditional sense.

²⁶42 U.S.C.S. § 1396a(xx)(1) (2026).

²⁷Id.

²⁸42 U.S.C.S. §1396a(xx)(2)(G) (2026).

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Work Requirement or Community Engagement – What is it and who is covered?

- Exemptions
 - There are numerous exemptions from Community Engagement. Persons exempted include:
 - Specific Excluded Individuals²⁹
 - Certain Native Americans as defined by statute³⁰,
 - Parent, guardian, caretaker relative, or family caregiver of a dependent child 13 or under or a disabled person³¹,
 - A disabled veteran³²,
 - Is medically frail or has special medical needs including³³,
 - A person who is blind or disabled,
 - Has a substance abuse disorder,
 - Has a disabling mental disorder,
 - Has a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living,
 - Serious or complex medical issues,
 - Who is a recipient of Temporary Assistance for Needy Families³⁴,

²⁹42 U.S.C.S. § 1396a(c)(9)(A)(i)(2026)
³⁰42 U.S.C.S. § 1396a(c)(9)(A)(ii)(I)(2026)
³¹42 U.S.C.S. § 1396a(c)(9)(A)(ii)(II)(2026)
³²42 U.S.C.S. § 1396a(c)(9)(A)(ii)(IV)(2026)
³³42 U.S.C.S. § 1396a(c)(9)(A)(ii)(V)(2026)
³⁴42 U.S.C.S. § 1396a(c)(9)(A)(ii)(VI)(2026)
³⁵Id.

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Work Requirement or Community Engagement – What is it and who is covered?

- Exemptions Continued
 - Member of a household receiving supplemental nutrition assistance program benefits³⁵,
 - Participating in a substance abuse rehabilitation program³⁶,
 - An inmate in a public institution³⁷, or
 - Who is pregnant or entitled to post-partum care³⁸.
 - Those persons under the age of 19³⁹,
 - Those persons entitled to Medicare Parts A & B⁴⁰,
 - Among others⁴¹.

³⁵42 U.S.C.S. § 1396a(c)(9)(A)(i)(VII)(2026)
³⁶42 U.S.C.S. § 1396a(c)(9)(A)(i)(VIII)(2026)
³⁷42 U.S.C.S. § 1396a(c)(9)(A)(i)(IX)(2026)
³⁸42 U.S.C.S. § 1396a(c)(9)(A)(i)(X)(2026)
³⁹42 U.S.C.S. § 1396a(c)(9)(A)(i)(XI)(2026)
⁴⁰42 U.S.C.S. § 1396a(c)(9)(A)(i)(XII)(2026)
⁴¹42 U.S.C.S. § 1396a(c)(9)(A)(i)(XIII)(2026)

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Work Requirement or Community Engagement – What is it and who is covered?

- Verification
 - Community Engagement is, in theory, a program that an applicable individual qualifies for on a monthly basis⁴².
 - However, states are only required to verify compliance during an applicable individual's regularly scheduled redetermination of eligibility⁴³.
 - States are required to establish processes and use reliable information available to the State without requiring, where possible, the applicable individual to submit information. So called ex parte verifications⁴⁴.
 - Examples of such information include payroll data or payments.
 - Standards for verification will be set by the Secretary of the Department of Health and Human Services⁴⁵.

⁴² 42 U.S.C.S. § 1396a(c)(2) (2026).
⁴³ 42 U.S.C.S. § 1396a(c)(4) (2026).
⁴⁴ 42 U.S.C.S. § 1396a(c)(5) (2026).
⁴⁵ Id.

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Work Requirement or Community Engagement – What is it and who is covered?

- Procedures for Non-Compliance with Community Engagement Requirement.
- If a State cannot verify compliance then the State shall provide a notice of noncompliance⁴⁶.
 - The notice shall include information regarding
 - How an applicable individual may show actual compliance⁴⁷, or
 - Make a satisfactory showing that that the requirement does not apply to the individual⁴⁸, and
 - How such individual may reapply for medical assistance⁴⁹.
- States must give 30 calendar days from the date of the notice to:
 - Make a satisfactory showing of compliance⁵⁰, or
 - Make a satisfactory showing that the requirement does not apply⁵¹, and
 - Continue to provide medical assistance during the 30-day notice period⁵².
- If no satisfactory showing is found then the State must
 - Deny the application if applicable⁵³,
 - Disenroll the individual no later than the end of the month following the month in which the 30-day notice period ends; provided that
 - The State determines there is no other basis for eligibility⁵⁴, and
 - The individual is provided written notice and granted an opportunity for a fair hearing⁵⁵.

⁴⁶ 42 U.S.C.S. § 1396a(cc)(6)(A)(i) (2020).
⁴⁷ 42 U.S.C.S. § 1396a(cc)(6)(B)(i) (2020).
⁴⁸ 42 U.S.C.S. § 1396a(cc)(6)(B)(ii) (2020).
⁴⁹ 42 U.S.C.S. § 1396a(cc)(6)(B)(iii) (2020).
⁵⁰ 42 U.S.C.S. § 1396a(cc)(6)(B)(iv) (2020).
⁵¹ 42 U.S.C.S. § 1396a(cc)(6)(B)(v) (2020).
⁵² 42 U.S.C.S. § 1396a(cc)(6)(B)(vi) (2020).
⁵³ 42 U.S.C.S. § 1396a(cc)(6)(B)(vii) (2020).

⁵⁴ 42 U.S.C.S. § 1396a(cc)(6)(A)(ii) (2020).
⁵⁵ 42 U.S.C.S. § 1396a(cc)(6)(A)(iii) (2020).

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Work Requirement or Community Engagement – What is it and who is covered?

- Outreach
 - States are required to periodically notify applicable individuals of the Community Engagement requirement⁵⁶.
 - The notice / outreach shall include:
 - How to comply with the Community Engagement requirement as well as an explanation of exceptions⁵⁷,
 - The consequences of noncompliance⁵⁸,
 - How to report changes to an individual's status⁵⁹.
 - Outreach shall be delivered by mail and in one or more additional forms such as telephone, text, internet website, or other commonly available electronic means⁶⁰.

⁵⁶ 42 U.S.C.S. § 1396a(cc)(9)(A)(i) (2020).
⁵⁷ 42 U.S.C.S. § 1396a(cc)(9)(A)(ii) (2020).
⁵⁸ 42 U.S.C.S. § 1396a(cc)(9)(A)(iii) (2020).
⁵⁹ 42 U.S.C.S. § 1396a(cc)(9)(A)(iv) (2020).
⁶⁰ 42 U.S.C.S. § 1396a(cc)(9)(B) (2020).

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Policy Discussion/Debate

- Why does this Community Engagement Requirement keep coming up?
 - A number of states have asked for a community engagement requirement at one time or another⁶¹.
 - The first Trump Administration approved 13 work requirement waivers⁶².
 - However, Arkansas was the only state that attempted to implement consequences such as loss of coverage⁶³.
 - Even though Arkansas's first waiver was judicially dismissed, it has tried yet again with an amended waiver.
 - Preemption
 - For the time being the OBBA has mandated community engagement on a national level⁶⁴.
- Growth in Medicaid Spending.
 - Total Medicaid spending in 2002 was approximately \$257.6 billion⁶⁵.
 - Total Medicaid spending in 2022 was approximately \$804 billion⁶⁶.
 - More than 200% increase in 20 years.
 - However, Medicaid spending has remained more or less consistent at 12.75% of the federal budget through this time period.

⁶¹ Elizabeth Hinton, Robin Rudowitz, *5 Key Facts About Medicaid Work Requirements*, KFF, Feb 18, 2025, <https://www.kff.org/medicaid/5-key-facts-about-medicaid-work-requirements/>.
⁶² *Id.*
⁶³ *Id.*
⁶⁴ 42 U.S.C.S. §1396a(cc) (2020).
⁶⁵ Kaiser Family Foundation, *Medicaid Spending: What Factors Contributed to the Growth Between 2000 and 2002*, KFF (Jan. 2013), <https://www.kff.org/wp-content/uploads/2013/01/medicaid-spending-what-factors-contributed-to-the-growth-between-2000-and-2002.pdf>
⁶⁶ Kaiser Family Foundation, *Medicaid Enrollment & Spending Growth: FY 2014 & 2023*, KFF (Oct. 23, 2024), <https://www.kff.org/medicaid/medicaid-enrollment-spending-growth-fy-2014-2023/>. (KFF.org)

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Policy Discussion/Debate

- Numbers and Percentages of Persons impacted by Community Engagement.
 - Approximately 71 million people were enrolled in Medicaid in May 2025⁶⁷.
 - Approximately 20 million are on a Medicaid expansion program⁶⁸.
- Estimates of savings as a result of Community Engagement.
 - Approximately 8% (1,600,000) of persons on Medicaid expansion are not working due to retirement, inability to find work, or other reasons⁶⁹.
 - So, about 2.2% of the total Medicaid population is expected to be impacted.
 - The CBO estimates that over ten years the community engagement requirement will result in 5.2 million fewer persons on Medicaid and result in savings of \$326 billion⁷⁰.
- Are you convinced?

⁶⁷ KFF, *Medicaid and CHIP Enrollment Data: Report Highlights*, supra note 24.

⁶⁸ KFF, *Medicaid Expansion Enrollment*, supra note 25.

⁶⁹ Hinton, Elizabeth & Robin Rudowitz, *5 Key Facts About Medicaid Work Requirements*, KFF (Feb. 18, 2023), (<https://www.kff.org/medicaid/5-key-facts-about-medicaid-work-requirements/>).

⁷⁰ Elizabeth Hinton, Amaya Diana & Robin Rudowitz, *A Closer Look at the Work Requirement Provisions in the 2025 Federal Budget Reconciliation Law*, KFF (July 30, 2023), (<https://www.kff.org/medicaid/a-closer-look-at-the-work-requirement-provisions-in-the-2025-federal-budget-reconciliation-law/>).

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Policy Discussion/Debate

- ARE YOU CONVINCED?

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