CHAMBER HILL

INSIGHTS

MACPAC Meeting on Work and Community Engagement Requirements

MACPAC Meeting on Work and Community Engagement Requirements

On September 18, 2025, the Medicaid and CHIP Advisory Commission (MACPAC) convened for the first day of its September meeting. Commissioners examined work and community engagement (WCE) requirements in Medicaid, heard from a panel of experts on the challenges and implications of implementing requirements, and later turned to Medicaid payment policies aimed at strengthening the home- and community-based services (HCBS) workforce.

WORK AND COMMUNITY ENGAGEMENT REQUIREMENTS IN MEDICAID

MACPAC staff reviewed the history and status of Medicaid WCE requirements. Initially tested through Section 1115 demonstrations, MACPAC's staff findings found these efforts led to significant coverage losses due to administrative hurdles and compliance barriers, with Arkansas being the only state to fully disenroll beneficiaries before courts halted most programs. Georgia's "Pathways to Coverage" remains the only active demonstration, though enrollment has been lower than expected, particularly for older adults.

MACPAC staff detailed how the 2025 Budget Reconciliation Act, mandates certain non-pregnant, non-dually eligible adults aged 19–64 to complete 80 hours per month of work, education, or community service—or demonstrate income at the federal minimum wage equivalent—to maintain Medicaid coverage. The law establishes numerous exemptions (e.g., caregivers, medically frail individuals, American Indians/Alaska Natives, veterans with disabilities) and hardship provisions, requires monthly compliance checks and clear notices, and sets a national implementation deadline of January 2027 (with possible extensions to 2028). Federal funds totaling $400 million have been allocated to support both state implementation and federal oversight. MACPAC staff noted that policymakers and stakeholders remain concerned that, despite exemptions, the new requirements could still result in administrative complexity and coverage losses similar to past demonstrations.

During the discussion, commissioners asked staff to clarify how community engagement requirements would apply across different eligibility groups. One commissioner questioned whether non-expansion states would be affected if they expanded coverage through Medicaid Group A, and staff explained that the requirement is limited to individuals applying under that group. Questions were also raised about past state experiences, such as how many beneficiaries in Arkansas lost coverage due to work requirements, though staff noted that data was not available. Commissioners expressed interest in how the Centers for Medicare and Medicaid Services (CMS) is encouraging states to address difficult implementation questions, how states are approaching definitions and reporting, and what lessons can be learned from

their unwinding experiences. MACPAC staff agreed that they will expand their research to include these items.

The conversation also touched on program design and oversight. Commissioners asked about how states handle job-based training, with staff emphasizing that approaches differ across demonstrations. They also explored the mechanisms available for implementation, such as state plan amendments, and whether the statute provides clear guidance on how these plans should be carried out. Commissioners inquired about state investments relative to enrollment levels, available data sources to evaluate the impact of work requirements, and the specifics of postpartum eligibility, which staff noted typically reflects state policy and can extend up to 12 months. Finally, there was interest in whether 1115 waivers remain part of the pathway and concerns that the 90-day window for compliance may be overly aggressive.

PANEL ON WORK AND COMMUNITY ENGAGEMENT REQUIREMENTS IN MEDICAID

MACPAC next convened a panel on Work and Community Engagement (WCE) requirements. Jennifer Strohecker, Integrated Healthcare Division and Medicaid Director of Utah Department of Health and Human Services, opened by urging a beneficiary-first approach: start with the individual who qualifies for Medicaid and map the specific barriers that keep them from accessing or keeping coverage—especially those living with chronic conditions. She described building an internal project team aligned on budget, activities, and evaluation, beginning early outreach so stakeholders can engage alongside federal partners, and designing processes that minimize gaps and churn. Melisa Byrd, Senior Deputy Director and Medicaid Director, District of Columbia Department of Health Care Finance, emphasized that currently not all states are subject to WCE, therefore, some need clear guidance on what counts as compliant. She also noted that D.C. is actively planning for work-related requirements outside the reconciliation bill framework, while broader policy discussions continue.

Operational lessons featured prominently. Using Georgia as a case example, panelists said applicants interact through the Gateway system; the biggest friction was not the work requirement itself but rural connectivity and document-upload challenges—phones and bandwidth, which often blocked compliance. Self-employment was recognized as an allowable pathway, and the program served as a test bed for clarifying which payment/verification systems would be used. Turning to implementation mechanics, Jessica Kahn, Partner of McKinsey & Company, explained that exemptions drive complex "business rules" and logic: states must decide the hierarchy of checks—what gets verified first, with what data, and how conflicts are resolved—because each exemption can touch multiple modules. Deanna Williams, Enrollment Assister at Georgians for a Healthy Future, argued for robust in-person and virtual support centers so beneficiaries can complete applications and troubleshooting without losing coverage.

Commissioners had a range of questions that centered around governance, data, and capacity. One commissioner flagged data-privacy concerns, particularly if states contemplate pulling payroll tax

Another asked whether states are exploring performance or integrity indicators to monitor WCE implementation quality and detect problems early. A commissioner highlighted that Medicaid directors bring significant operational capacity but asked what specific capabilities are most needed now; Ms. Strohecker answered by urging states to build internal muscle rather than default to outside consultants and to be candid about what they must say no to given limited resources. Other questions included requesting clear escalation pathways to prevent beneficiary issues from languishing at the help desk tier and advocating for rigorous cost–benefit analysis to ensure the administrative complexity of WCE yields measurable coverage stability, employment connection, or other outcomes that justify the investment.

MEDICAID PAYMENT POLICIES TO SUPPORT THE HOME- AND COMMUNITY-BASED SERVICES WORKFORCE (HCBS)

MACPAC staff next turned their attention to Medicaid payment policies to support the HCBS workforce. They highlighted the central role of wage data in setting rates that sustain an adequate direct care workforce. States typically rely on Bureau of Labor Statistics (BLS) data, but these measures are not specific to Medicaid and exclude many HCBS worker types, forcing states to blend or supplement data. The new CMS "Ensuring Access" rule will require states to publish average HCBS payment rates (starting 2026) and report compensation percentages (starting 2028), but it does not require reporting of wage levels nor make the data public, leaving major gaps for states trying to benchmark and plan.

MACPAC staff presented a draft recommendation calling to require CMS to collect and publish biannual, service-specific hourly wage data (personal care, home health aide, homemaker, habilitation), disaggregated by worker type and geography. Publishing descriptive statistics like mean, median, and range would give states more robust, comparable data to set rates, while building on existing access rule reporting to minimize new burdens. recommendation notes this would have no federal budget impact, require only marginal additional effort from states and providers, and could strengthen HCBS workforce recruitment and access to services over time. A vote on the recommendation is scheduled for October 2025, draft chapter for the March 2026 report to Congress to follow.

During the discussion, commissioners pressed staff on how Medicaid wage reporting for the HCBS workforce should be structured. Some asked whether family caregivers paid through self-direction programs would be included, and staff explained that it would depend on what each program requires states to report. Others raised concerns about the clarity of the recommendation's language, suggesting changes such as removing the "biannual" requirement and replacing "mean, median, and range" with more flexible terminology like "average." Questions also emerged about whether the Secretary of the Department of Health and Human Services (HHS) could simply refine or expand the existing CMS access rule reporting requirements rather than duplicating them, with some commissioners expressing unease about states potentially needing to shoulder higher rates as a result.

Several commissioners emphasized that building on the access rule was the intent, ensuring consistency rather than creating new burdens. There was debate over the value of collecting and publishing only averages versus providing a fuller distribution of wage data, with supporters arguing that median and range figures give a more accurate picture of workforce realities. Commissioners also asked about the frequency of data collection, weighing the benefit of annual versus biannual reporting if states are already gathering similar information. Overall, the conversation reflected broad support for improving wage transparency but lingering disagreements about the best language, frequency, and level of detail to include in MACPAC's recommendation.

We trust you found this summary useful. Please reach out to us with any questions.