

Summary: Medicaid community engagement requirements *Updated July 30, 2025*

On July 4, 2025, the One Big Beautiful Bill Act (Public Law 119–21) was signed into law. The legislation makes several significant changes to the Medicaid program, including, for the first time, mandating that states condition Medicaid eligibility on an individual's compliance with community engagement requirements, commonly known as work requirements. This resource summarizes the provisions in the bill related to community engagement requirements.

Eligibility requirements

Section 71119 requires states to implement community engagement requirements as a condition of Medicaid eligibility for individuals in the expansion population age 19-64 who are not pregnant or enrolled in Medicare or any other [mandatory Medicaid group](#).

States that have not expanded Medicaid are not required to implement community engagement requirements unless they offer coverage to individuals in the expansion population through another pathway, such as in Georgia and Wisconsin where coverage is available to individuals with household incomes up to 100 percent of the federal poverty level.

An individual can satisfy the requirements by:

- Engaging in 80 hours of work, community service, and/or work program participation per month;
- Being enrolled in an educational program at least half-time (40 hours);
- Having a monthly income of no less than \$580 (the monthly income equivalent to at least minimum wage for 80 hours); or
- For seasonal workers only, having an average monthly income over the preceding six months that is not less than \$580.

New Medicaid applicants will have to demonstrate that they have satisfied the community engagement requirements for one to three (at state discretion) consecutive months immediately preceding the month in which they are applying for Medicaid.

Existing enrollees must satisfy the community engagement requirement for at least one month during each period between eligibility redeterminations, which, as of January 2027, will be every six months for expansion populations. States may elect to require individuals to satisfy the requirement for more than one month during that period, and/or require more frequent verification of satisfaction. For example, a state could require that the community engagement requirements be satisfied every month and could verify satisfaction every month.

Additionally, states (both expansion and non-expansion) may apply for a waiver to apply community engagement requirements to non-expansion populations. Such initiatives must otherwise comply with the requirements of Section 71119.

Exceptions

The legislation carves out several exceptions to the community engagement requirements, including individuals who are:

- An inmate of a public institution within the last three months;
- A specified excluded individual, defined to include:
 - Native Americans;
 - Caregivers of a dependent child under 14 years old or a disabled individual;
 - Veterans with disabilities rated as total under [38 U.S.C. 1155](#); or
 - People who are medically frail or otherwise have special medical needs including individuals who:
 - Are blind or disabled (as defined for purposes of the Supplemental Security Income (SSI) program);
 - With a substance use disorder;
 - With a disabling mental disorder;
 - With a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or
 - With a serious or complex medical condition;
 - In compliance with work requirements under Temporary Assistance for Needy Families (TANF) or the Supplemental Nutritional Assistance Program (SNAP);
 - Participating in drug or alcohol rehabilitation program;
 - An inmate of a public institution; or
 - Pregnant or entitled to postpartum Medicaid coverage under 60-day or 1-year continuous eligibility options.

States have the option to provide an additional exception for individuals experiencing short-term hardship, including those:

- Receiving inpatient services at a hospital, nursing facility, or intermediate care facility, or outpatient services relating to those services;
- Living in an area where an emergency or disaster declaration is in effect, or unemployment is above a specified threshold; or
- Needing to travel outside their community for extended periods of time to receive, or to take a dependent child to receive, medical services for a serious or complex medical condition.

Ex parte verifications

States must use available data, such as payroll data and unemployment payment data, to determine compliance with the community engagement requirements without requiring, where possible, that the individual submit additional information.

Noncompliance

If a state finds that an individual is not in compliance, the state must give the individual notice and a 30-day opportunity period to demonstrate compliance or that they meet an exception. States must continue to provide Medicaid coverage during the 30-day opportunity period. If the individual cannot show compliance or that they are not subject to the requirement, the state must disenroll the individual no later than the end of the month following the end of the 30-day opportunity period.

Additionally, any individual who would have been eligible for Medicaid for a month but for the individual's failure to satisfy a community engagement requirement is not eligible to receive a premium tax credit for an ACA marketplace plan for that month.

Outreach

States are required to notify applicable individuals of the community engagement requirements, including how to comply, an explanation of the exceptions, consequences of noncompliance, and the process to report changes to employment status.

HHS rulemaking and guidance

The Secretary of Health and Human Services (HHS) is required to issue an interim final rule implementing and setting standards for community engagement requirements by June 1, 2026.

In addition, the Centers for Medicare & Medicaid Services (CMS) [announced](#) on July 17, 2025 that it would not approve or extend Section 1115 demonstration waivers for workforce initiatives, which use Medicaid dollars to fund job training or employment-related activities. According to CMS, California, Massachusetts, New York, North Carolina, and Vermont are currently operating such demonstrations and CMS will allow those initiatives to expire.

State implementation

States must implement community engagement requirements no later than January 1, 2027, although they may elect to implement the requirements earlier.

The Secretary of HHS may grant an exemption to a state that, despite good faith efforts, cannot meet the January 2027 deadline. However, an exemption cannot delay implementation past January 1, 2029. HHS may terminate an exemption early if HHS finds the state is not acting in good faith or fails to report progress. The legislation also stipulates that states may not receive a waiver for the community engagement mandate.

The legislation includes \$200 million for state grants to implement community engagement requirements or conduct eligibility determinations. \$100 million will be allocated evenly between the 50 states and Washington, DC and the remaining \$100 million will be divided among the states based on the relative size of their Medicaid population.