

# *How Medicaid's New Work Requirement Will Work*

Poor Americans will face new challenges to enroll, and states will have to build new bureaucracies.



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The authors are covering how new requirements will reshape Medicaid for beneficiaries and states.

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Medicaid, the public health insurance program for the poor and disabled, will undergo its biggest transformation in more than a decade when a new work requirement is added to the program in 2027.

The new policy, passed as part of Republicans' big domestic policy bill this summer, means that millions of Americans will have to regularly prove to their states that they are working or volunteering in order to receive coverage. The change, intended to nudge more poor Americans into the work force, is expected to cause nearly five million people to lose coverage and will increase burdens on both individuals and state governments. Republican leaders contend that reshaping the program in this way will save the government money, and refocus the program on people they say contribute more to their communities.

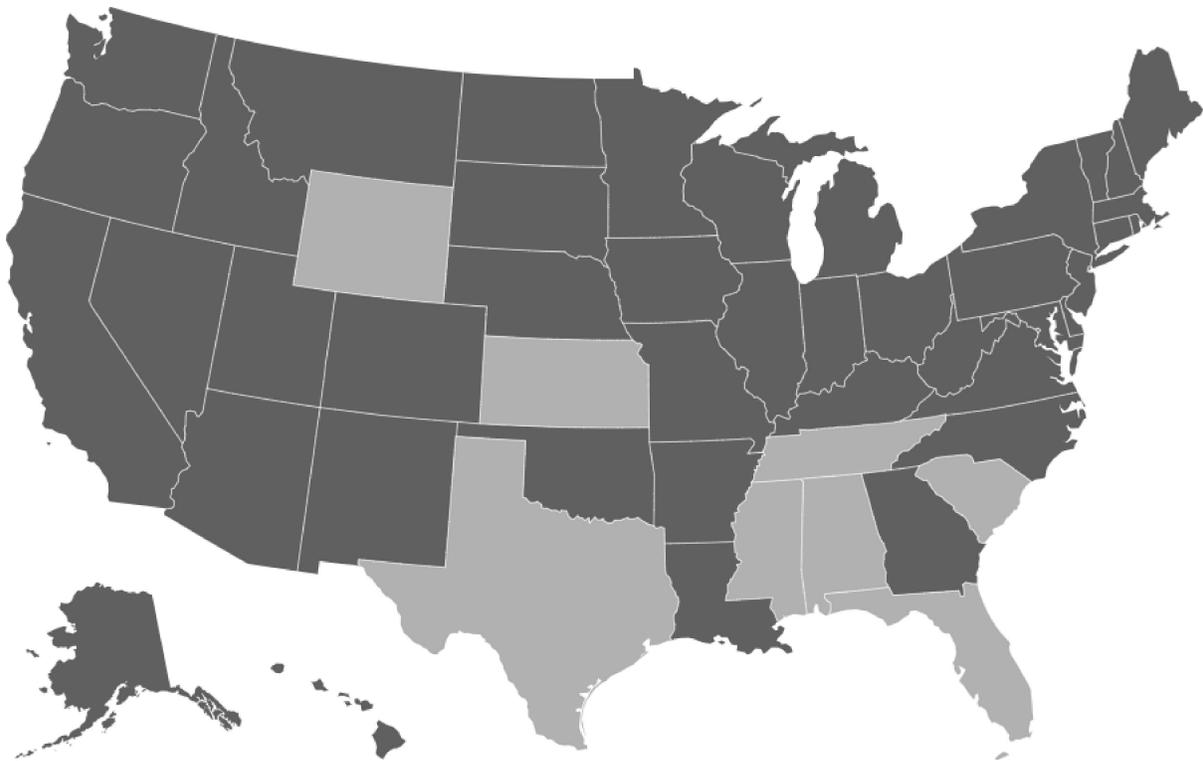
Here's what to expect.

## Who will be affected?

Around 70 million Americans are enrolled in Medicaid. And about 16 million of them are poor adults who first became eligible for the program in the 40 states that agreed to expand Medicaid under the Affordable Care Act. Those states will be most affected by the changes, as will two states, Georgia and Wisconsin, that have not fully expanded but cover some of the same population.

## Most States Need to Set Up a Medicaid Work Requirement

Only eight states will be unaffected: Texas, Florida, South Carolina, Alabama, Mississippi, Tennessee, Kansas and Wyoming.



Source: KFF

The new requirement applies to poor childless adults between 18 and 64 without disabilities, and the parents of older teenagers.

Those people will either need to prove to their state that they worked, volunteered or attended school for at least 80 hours a month, or that they qualify for one of a long list of exceptions. The exceptions include being a caregiver for a disabled relative, having a substance-abuse disorder or being too medically frail to work.

## **How will states enforce the new rules?**

The law requires states to check work hours at least twice a year, though states are allowed to check more often. People signing up for Medicaid will need to produce documentation that they qualify for an exception or evidence that they met the work hours in the last month.

States are still setting up the systems to achieve this, and the federal government is still working on the precise rules for what kinds of proof count. States will be able to evaluate whether some people are eligible automatically — by connecting directly to a university database, for instance. Other people may need to produce documents each time they apply or renew.

## **When does it start?**

The requirement will become a condition for Medicaid eligibility at the start of 2027. The law has a provision that allows states to apply for a two-year extension if they are struggling to meet the deadline. But in recent public appearances, federal officials have said they expect to provide very few such extensions. “They are going to be very rare,” said Sara Vitolo, a deputy director for the Medicaid program, at a conference in August, noting that the direction came from the White House.

## **What will it mean for Medicaid enrollment?**

The Congressional Budget Office, which advises Congress on the effects of legislation, estimated that nearly five million people will become uninsured over the next decade as a result of this policy.

The budget office estimates that the policy will not increase the number of Medicaid beneficiaries who work. Studies show that a large majority of adults with Medicaid coverage already either work the minimum number of hours or meet criteria for one of the exceptions.

But that does not mean all of them will be able to prove their eligibility to their states: Research has shown that many eligible people will lose benefits because they won't be able to meet paperwork burdens. Most of the coverage loss from this policy is expected to come from this group.

### **What is the goal of the policy?**

The work requirements are estimated to cut more than \$325 billion in Medicaid spending over the next decade, which will help pay for the extension of President Trump's tax cuts. It was one of the largest sources of budgetary savings in the legislation.

Republicans in Congress and state governments have wanted to add a work requirement to Medicaid for more than a decade. The idea gained momentum in the mid-2010s, when Obamacare added millions of low-income adults to the program. Congressional Republicans have repeatedly introduced bills that would require Medicaid enrollees to work, and more than a dozen states have asked the federal government for permission to experiment with the idea.

Conservatives who support work requirements contend that those who receive this public benefit ought to contribute back to society with employment, community service or education. The policy is also politically popular: One poll earlier this year found that nearly half of Democrats supported Medicaid work requirements.

### **Has this ever been tried before?**

Two states, Arkansas and Georgia, have experimented with Medicaid work requirements.

In President Trump's first term, his health officials invited states to test out different models. The administration approved applications from 13 states. Only two, in Arkansas and Georgia, went into effect. In other states, courts blocked the programs.

Arkansas, which expanded Medicaid in 2014, added a work requirement in 2018. A judge stopped the provision nine months later, saying it was contrary to the purpose of the Medicaid program. Arkansas had more lenient reporting requirements for Medicaid enrollees than the new federal law, allowing them to miss a few months of reporting their work hours before a loss of coverage. Arkansas also went to great lengths to automatically exempt people when it had the right wage information or medical records to do so. Even so, about 18,000 people lost coverage. There was no increase in employment among Medicaid enrollees, according to research conducted after the work requirement ended.

Georgia currently has the country's only Medicaid work requirement. The state did not expand its Medicaid program until 2023, after it was allowed to do so using a work requirement for new applicants. Only about 7,000 people have gained coverage through that program, falling short of the 100,000 that the state initially expected to enroll and the roughly 300,000 who could have gained coverage with no work requirement.

### **How hard will this be for states to do?**

Many state Medicaid officials describe the work requirement as a major undertaking. It requires dozens of states to quickly build expensive and complex software systems that can measure and track who is eligible. They will also probably need to create sweeping outreach campaigns — to make Medicaid enrollees aware of the changes — and increase call center staffing to handle an influx of questions about the new rules.

States will be working on a sped-up timeline. The original Republican policy bill envisioned 2029 as the starting point for work requirements, but the date was moved up by two years to appease more conservative legislators seeking larger budgetary savings.

## How much will it cost states to set up?

In the handful of states that previously put in Medicaid work requirements or almost did, most spent tens of millions of dollars each to set up their systems. But the Senate version of the bill allots only \$200 million for all 50 states and D.C. to divvy up.

Kentucky, one of the states where the first Trump administration approved a work requirement, spent about \$100 million in 2018 developing its program, but a court stopped it before it could begin. Arkansas spent around \$25 million before its program was shut down. Georgia's work requirement has cost \$80 million so far.

But in the long run, states will probably save more money — on reduced medical benefits as their residents lose coverage — than they spend on new administrative functions to evaluate their eligibility.

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