



What's at Stake?

MEDICAID WORK REQUIREMENTS UNDER H.R. 1

Sweeping Medicaid Changes Take Effect January 1, 2027; 700,000 Illinois Adults Will Be Impacted

Several historic Medicaid changes under H.R. 1 will take effect at the start of 2027, including new community engagement requirements, commonly referred to as Medicaid work requirements, for certain adults covered through the Affordable Care Act (ACA) Medicaid expansion.

- ▶ **Medicaid community engagement requirements start January 1, 2027 for certain ACA adults ages 19-64.** These requirements generally apply to adults who are not receiving Medicare and do not have a dependent child under age 18 living in their home. Certain individuals are exempt, including those caring for a young child or a person with a disability.
- ▶ There are approximately **700,000 ACA adults** in Illinois covered by Medicaid.
- ▶ ACA adults must **meet this community engagement requirement at the time of application and during redeterminations**, which will happen every six months.
 - Redeterminations are conducted on a rolling basis based on the individual's initial coverage date. This means different cohorts of individuals will be redetermined each month of the year and will not be subject to the new requirements until their redetermination date. Due to this, the first existing beneficiaries facing potential coverage loss begin April 1, 2027.
- ▶ The community engagement requirements can be **met in different ways**:
 - Paid work
 - Education
 - Job training
 - Community service hours
- ▶ **The requirements can be satisfied** by 80 hours of work, community service or work program, monthly income of \$580, or at least half-time enrollment in a higher education, career or technical education program.
- ▶ ACA adults exempted from the work requirement must still be **redetermined every 6 months** (previously redeterminations were completed every 12 months).
- ▶ ACA adults exempted from this requirement must fall into one of the following **medically frail categories**:
 - Blindness or Social Security Administration (SSA) disability standard
 - Substance use disorders
 - Disabling mental disorders
 - Physical, intellectual, or developmental disabilities impairing Activities of Daily Living (ADLs)
 - Serious or complex medical conditions
- ▶ The CMS-published rule states for an individual to be deemed medically frail and exempt from the community engagement requirements, they **must demonstrate that the condition significantly impairs** their ability to comply with the community engagement requirements.
 - In calendar year 2027, this can be completed through self-attestation by the beneficiary.
 - More information on how Illinois is planning on implementing this part of the requirement will be forthcoming, but there is a possibility that providers will be expected to provide an assessment on the level of impairment for the individual.
- ▶ Individuals may also receive a **short-term hardship exemption** in the following circumstances:
 - Individual is receiving inpatient hospital or nursing facility care
 - Individual needs to travel outside the community for extended periods to receive specialized medical care for themselves or a dependent
 - Individual is residing in a county with an unemployment rate at or above 8%
 - Individual is living in an area impacted by a Presidentially declared disaster or emergency
- ▶ **At time of application** the work requirement must be met for the month immediately preceding the application month.

- ▶ **At time of redetermination** the work requirement must be met for one of the months since the last redetermination (any of the past 6 months).

* Please note: H.R. 1 establishes federal Medicaid community engagement requirements, but states have flexibility in how they implement many aspects of those requirements. This document pertains specifically to Illinois Medicaid. Patients covered by Medicaid from surrounding states may have different requirements.

Why This Matters for Hospitals

The new community engagement requirements represent one of the most significant eligibility changes to the Medicaid program in over 60 years. Hospitals should expect implementation to increase administrative complexity for both beneficiaries and providers, particularly during the first year of implementation.

Without proactive outreach and assistance, eligible Medicaid beneficiaries may lose coverage because they are unaware of the new requirements, do not complete the required documentation, or fail to respond to requests from the Illinois Dept. of Healthcare and Family Services (HFS). Coverage losses could increase uncompensated care, delay access to treatment, create additional financial counseling needs, and result in greater administrative burden for hospitals.

Early planning, staff education, and patient outreach can help **minimize unnecessary coverage losses** while ensuring eligible individuals maintain access to needed healthcare services.

What Should Hospitals Be Doing Now?

Hospitals should begin preparing immediately for implementation of the Medicaid community engagement requirements. Although HFS continues to develop its implementation strategy, hospitals can take several steps now to reduce coverage disruptions for Medicaid beneficiaries and minimize uncompensated care.

- ▶ **Ensure patient contact information**—particularly mailing addresses, phone numbers, email addresses, and preferred communication methods—is updated at every patient encounter. If the patient's address or other contact info has changed, encourage them to also notify HFS through the [change of address report](#) or by calling 1-877-805-5312.
- ▶ Encourage Medicaid beneficiaries to **create and regularly access a Manage My Case account** through the [Application for Benefits Eligibility \(ABE\)](#) portal so they can receive notices, complete renewals, report changes, and respond promptly to requests from HFS.
- ▶ **Designate staff to become HFS Application Agents** so they can assist patients with eligibility determinations, renewals, and documentation requirements.
- ▶ Remind ACA Adults that they will be required to **complete a Medicaid redetermination every six months**, and that they may be subject to community engagement requirements to maintain coverage, rather than the current annual renewal process.
- ▶ Engage Medicaid MCOs to understand their plans for member outreach and education and **identify opportunities to coordinate efforts** to help eligible beneficiaries maintain coverage.
- ▶ Train registration, financial counseling, care management, case management, social work, and outpatient staff on the **upcoming community engagement requirements** and the populations most likely to be affected, and educate clinicians, discharge planners, and care coordinators on the new requirements so they can **connect patients with appropriate resources** before discharge.
- ▶ **Develop workflows** to identify Medicaid beneficiaries who may be subject to the new requirements and connect them with available employment, education, volunteer, or community service resources before coverage is at risk.
- ▶ Hospitals should use their **EHR or registration systems** to identify patients who:
 - Are covered under the ACA Medicaid expansion population
 - Are between ages 19 and 64
 - Frequently utilize hospital services

- Have unstable housing or frequent address changes
- May have transportation or literacy barriers
- ▶ **Identify** patient's Medicaid redetermination date. This information may be available via eligibility portals and/or MCO data transfers.
- ▶ **Screen patients** who may qualify for a medical frailty exemption and establish processes for documenting conditions that could significantly impair an individual's ability to satisfy the community engagement requirements. Additional guidance from HFS is expected regarding provider involvement in these determinations.
- ▶ Share information about new Medicaid eligibility requirements through **existing communications channels**, and consider sending messages via email, text, or patient portal to adult patients with Medicaid coverage. Visit HFS' website ([Phase 2 Toolkit](#)) or [GetMedicaidFacts.com](#) for communications.
- ▶ Review current charity care, financial assistance, and uninsured patient workflows in anticipation of **potential increases in coverage disruptions** during implementation.
- ▶ Strengthen partnerships with community-based organizations, workforce agencies, educational institutions, and social service providers that can assist Medicaid beneficiaries in **meeting community engagement requirements**.
- ▶ Use technology to remind patients to **watch for renewal notices** from HFS and respond promptly.
- ▶ **Monitor HFS guidance closely** as additional policies, operational instructions, forms, and implementation timelines are expected over the coming months.

Timeline

February 2026

Supplemental Nutrition Assistance Program (SNAP) Able-Bodied Adults Without Dependents (ABAWD) Work Requirement

October 2026

Noncitizen Medicaid eligibility changes

January 2027

ACA work requirements and six-month redeterminations begin

End of three-month retroactive coverage. All populations will move to two months retroactive coverage. The state will use state funds only to cover ACA adults for the second retroactive month.

October 2028

Cost sharing for ACA adults

What We're Watching

IHA is actively working with HFS and other state partners to better understand how Illinois will implement these federal requirements. Additional guidance is expected on several important issues, including:

- ▶ The process providers may use to document or certify medical frailty.
- ▶ Required forms and documentation for exemptions.
- ▶ How community engagement compliance will be verified.
- ▶ Hospital responsibilities during eligibility determinations and renewals.
- ▶ Operational timelines and implementation guidance.
- ▶ Educational materials and outreach resources for providers and Medicaid beneficiaries.
- ▶ Provider's ability to verify if a patient has met or still needs to meet community engagement requirements.

IHA will continue to share updates, implementation guidance, and best practices as additional information becomes available.

Additional Resources

Illinois Dept. of Healthcare and Family Services (HFS): [Federal Resource Center](#) – link includes webinar recordings, Phase One Toolkit, Noncitizen Toolkit and much more

[Get Medicaid Facts](#) webpage: [Communication Toolkit](#)

SNAP work requirements online screener: [Online screener](#)

Information on how to meet requirements through work, volunteering, or training programs:
[SNAPWorkRequirements.illinois.gov](#)

For Medicaid beneficiaries to update eligibility information: [Manage My Case](#) at www.abe.illinois.gov

Community engagement outreach materials: [Federal Medicaid.gov](#)

Community Engagement Opportunities

Training programs and employment opportunities: [Job Ready IL](#)

Volunteer opportunities: [Serve Illinois](#)

Illinois Dept. of Human Services: [Connecting to opportunities to meet work requirements](#)

Illinois Dept. of Commerce and Economic Opportunity: [Job training](#)

Illinois Dept. of Employment Security: [Job link listings](#)



Visit our landing page for the latest developments in Medicaid Work Requirements Under H.R. 1.

Please note: This fact sheet is intended to provide general information about the Medicaid community engagement provisions included in H.R. 1. Because implementation is ongoing, the information in this document is subject to change as Illinois continues to develop its implementation approach and as additional federal guidance is issued by the Centers for Medicare & Medicaid Services (CMS). IHA will continue to update this document and provide additional information to member hospitals.