One Big Beautiful Bill Act

Section 44141:

Requirement for States to Establish Medicaid Community Engagement Requirements

Overview

Starting in 2029, states would be required to enforce **community engagement conditions** (i.e., work or similar activities) as a **condition of Medicaid eligibility** for certain "applicable individuals."

Key Provisions

1. Who Is Affected?

- **"Applicable individuals"** are Medicaid applicants or enrollees who are not otherwise excluded under the exceptions listed in 4 below.
- This requirement applies both to **new applicants** and **current enrollees** between their eligibility redetermination periods.

2. What Is Required?

To maintain or gain eligibility for Medicaid, affected individuals must demonstrate **community engagement** through one or more of the following activities **for at least 80 hours per month**:

- **Employment**
- **Community service**
- **Participation in a work program**
- **Enrollment in an educational program (at least half-time)**
- **Any combination** of the above totaling 80 hours
- **Earning monthly income** at or above 80 hours × minimum wage (Defines minimum wage as the "applicable minimum wage under section 6 of the Fair Labor Standards Act ie the federal minimum wage, which is $7.25. Total for 80 hours=$580.)

3. Verification

- Compliance will be verified at the **regular Medicaid eligibility redetermination**.
- States may **elect to verify more frequently**.

4. Mandatory Exemptions

The following individuals are automatically **deemed compliant**:

- Children under 19
- Pregnant individuals or those receiving postpartum coverage
- Medicare beneficiaries (Parts A or B)

- Individuals in other defined Medicaid eligibility categories (e.g., disabled individuals)
- Recently incarcerated individuals (within the past 3 months)
- "Specified excluded individuals" (defined elsewhere)

5. Optional Exemptions (Hardship Events)

States **may grant exemptions** for individuals facing **short-term hardships**, such as:

- Hospitalization or institutional care
- Residing in areas affected by **national disasters or emergencies**
- Living in areas with high **unemployment** (≥8% or 1.5× national average)
- Other hardships defined by the **Secretary of Health and Human Services**

Implications

- This represents a **national work requirement** for Medicaid, echoing similar policies previously attempted at the state level (some blocked by courts or rescinded).
- It would likely affect **non-disabled, working-age adults without dependents** the most.
- The **administrative burden** on states would be significant (tracking compliance, verifying exemptions, responding to appeals).

Impacts on Workers (Especially Home Care Workers)

1. Risk of Coverage Loss for Low-Wage Workers

- **Home care workers** often work part-time, intermittently, or with irregular schedules due to client needs or agency practices.
- If they **don't consistently log 80 hours per month**, or if paperwork is delayed, they could **lose Medicaid coverage**—even if they're actively working.

2. Administrative Burden

- Workers may have to **submit monthly proof of hours** worked, or income earned, even if they're barely making ends meet.
- This is a **logistical and bureaucratic burden**—especially for workers without paid time off, reliable internet, or tech access.

3. Increased Workforce Instability

- If home care workers **lose coverage due to red tape or a missed report**, it could force them to **leave the workforce** or reduce hours to avoid penalties.
- Agencies may experience **higher turnover** and **difficulty recruiting staff**, worsening already severe shortages in the home care workforce.

Impacts on Home Care Recipients (Medicaid Beneficiaries)

1. Access to Care Could Worsen

- Home care recipients, such as seniors and people with disabilities, **depend on Medicaid-funded workers** for daily needs.
- If worker coverage loss leads to fewer available aides, recipients may **lose hours of care**, face **longer waitlists**, or **go without essential help**.

2. Recipients May Be Affected Directly

- Some recipients **may also be subject to the work requirements**, especially:
    - People with **chronic but not "officially disabled" conditions**
    - Family caregivers who receive **Consumer Directed Personal Assistance (CDPA) payments** through Medicaid
- If they **don't meet the 80-hour monthly requirement**, they could lose coverage **for both themselves and their care services**.

Key Challenges

❗ **Documentation Trap**

- Individuals may be **working or caring for family members** but **fail to meet documentation or verification requirements**, triggering coverage loss despite being engaged.

❗ **Short-Term Hardship Exemptions Are Not Guaranteed**

- People in crisis (e.g., caregiving, illness, or rural isolation) would have to **request and be approved for exemptions**, which introduces delays and uncertainty.

Bottom Line

Section 44141 would:

- Create **complex work reporting requirements** that many low-income workers and caregivers struggle to meet.
- **Jeopardize coverage** for home care workers and recipients alike.
- Potentially **worsen the home care workforce crisis**, just as aging populations and long-term care needs are rising.

Section 44142: Medicaid Cost Sharing for Certain Adults

This section would **allow states to charge more out-of-pocket costs (like copayments or premiums)** to some adults on Medicaid—specifically those covered under the Affordable Care Act's (ACA) **Medicaid expansion**.

Who is affected?

- Adults who became eligible for Medicaid under the ACA's expansion (sometimes called "expansion adults").
- These are typically **low-income, non-disabled adults without children**.

What would change?

States would be **allowed to require these individuals to pay more** toward their healthcare costs than current Medicaid law typically allows, including:

- **Premiums** (monthly payments to stay enrolled)
- **Copayments** (charges when seeing a doctor or filling prescriptions)

The federal government would still help pay for their coverage, but **only if the state imposes this cost sharing.**

Why does it matter?

- This could make it **more expensive for low-income adults** to access Medicaid.
- People might **delay or avoid care** because of the added costs.
- States would have the choice to adopt this policy or not.

Bottom Line

- Section 44142 would **give states the green light to make Medicaid less free** for certain adults by charging more out-of-pocket costs. It's part of a broader push to tie public benefits to personal financial responsibility.

Section 44133: Limits on Certain State-Directed Payments

What it does:

- Puts a **cap on how much states can pay providers** through special Medicaid arrangements (like supplemental or incentive payments).
- The limit is tied to what Medicare would pay for the same services.

Why it matters:

- These payments help states **boost provider participation** and **support safety-net hospitals**.
- The cap could **reduce funding** to providers who serve Medicaid patients, especially in high-cost areas or underserved communities.

Section 44134: Stricter Rules on Medicaid Provider Tax Waivers

What it does:

- States must usually **apply a uniform tax** to all providers in a class (like all hospitals).
- Sometimes, states ask the federal government to waive this rule.
- This section **tightens the rules** for granting those waivers, making it harder for states to **tailor taxes** in ways that generate extra federal funds.

Why it matters:

- Makes it harder for states to use **creative financing** methods to draw down more federal Medicaid dollars.
- Could lead to **less revenue for Medicaid programs**, especially in states already struggling with funding.

Bottom Line for Sections 44132–44134

These sections aim to **crack down on how states fund their share of Medicaid**—especially by limiting **provider taxes and supplemental payments**. The likely result: states may face **budget pressures**, and providers could see **reduced Medicaid funding**.