

ITO HEALTH POLICY BRIEF | 2026

Medicaid Coverage Is About to Get a Lot Harder to Keep. Is Your Organization Ready?

Under new federal law, millions of Medicaid beneficiaries face work requirements and six-month recertification for the first time. Health systems that wait to respond will lose patients and revenue they cannot recover.

Up to 12 million Americans could lose Medicaid coverage under HR-1 by 2034 not because they're ineligible, but because administrative burden and paperwork barriers will push them off the rolls.

— Congressional Budget Office, 2025; Commonwealth Fund, 2025

The Dual Threat to Coverage & Revenue

12M

could lose Medicaid coverage by 2034

CBO

72%

of disenrollments are procedural, not clinical

CMS Q1 2025

95%+

who lost coverage in AR already met requirements

NEJM

\$326B

reduced federal Medicaid spending over 10 years

CBO

New Federal Work Requirements

- Under HR-1 (signed July 4, 2025), Medicaid expansion adults ages 19–64 must demonstrate **80 hours/month** of qualifying activity.
- Exemptions exist (SUD, SMI, medical frailty, pregnancy, disability) but states retain **broad discretion** over documentation.
- CBO estimates **18.5M people** subject to requirements annually. Of those who lose coverage, an estimated **4M will become entirely uninsured**; no employer plan, no marketplace option, no safety net.
- **Implementation: January 1, 2027** (states may begin earlier).

Sources: KFF, July 2025; CHCS, July 2025; CBO.

Six-Month Recertification Cycles

- States must verify work compliance **at least every 6 months** (up from annually), doubling procedural failure points per year.
- National procedural disenrollment median: **72.3%** of all disenrollments are procedural, not eligibility-based (CMS Q1 2025).
- After a notice of non-compliance, members have just **30 days** to demonstrate compliance before disenrollment.

Sources: Georgetown CCF, Sept 2025; KFF; CHCS.

We've Seen This Before: The Arkansas Precedent

In 2018, Arkansas became the first state to implement Medicaid work requirements. Within seven months, **18,000 adults lost coverage** 1 in 4 of those subject to the requirement. Peer-reviewed research found that more than 95% of those who lost coverage already met the requirements or qualified for exemptions. The dominant cause was not non-compliance; it was confusion, unawareness, and reporting barriers. Work requirements did not increase employment.

Sommers et al, NEJM (2019); Health Affairs (2020); CBPP (2023)

5 Things Health Systems Should Be Doing Now

1

Build Eligibility Visibility Across the System

Ensure the ability to check current Medicaid status and recertification dates at both the individual and population level. If you can't see who's due for recertification next month, you can't intervene before they fall off. This is population health infrastructure, not an admin task.

2

Use Your EMR to Identify Exempt Patients Proactively

Leverage ICD-10 data particularly F-codes and other diagnoses associated with SMI, SUD, and medical frailty to flag patients who likely qualify for exemptions. This prevents eligible patients from being swept into work-requirement processes they don't belong in.

3

Identify Your Highest-Risk Patients Before They're Lost

Use algorithms to flag individuals with unstable housing, unreliable mailing addresses, language barriers, or limited digital access. Proactive outreach to this cohort is the highest-ROI intervention you can make.

4

Replace Paper-and-Portal Workflows with Text- and Voice-Enabled Pathways

The recertification process is a UX problem. When you require patients to log into a portal, download a form, print it, and mail it back, you are designing for failure. Modern workflows use SMS reminders, mobile-friendly uploads, and voice-based follow-up.

5

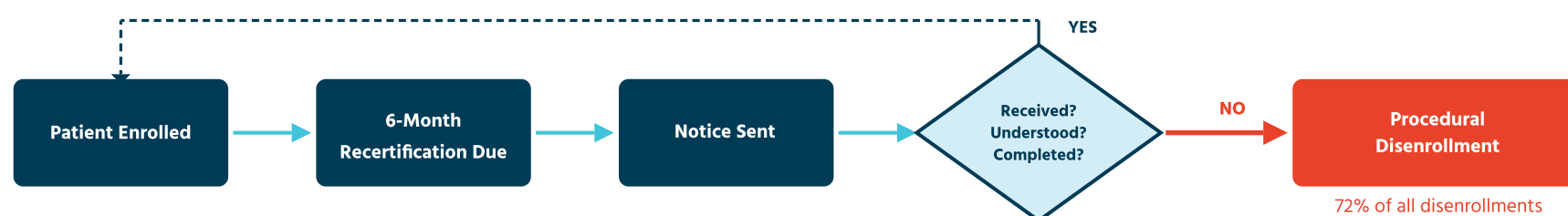
Track Applications Through Benefit Determination

Most organizations lose visibility after the referral. Maintain tracking from outreach → application → submission → determination. If you don't know whether the application was approved, you don't know whether you can bill for services.

"Lack of awareness and confusion about the reporting requirements were common, which may explain why thousands of persons lost coverage even though more than 95% of the target population appeared to meet the requirements or qualify for an exemption."

— Sommers et al., NEJM (2019)

THE ADMINISTRATIVE CHURN CYCLE



YOUR PARTNER

From Compliance to Continuity... and Revenue Protection


Work requirements and six-month recertification cycles are not simply policy changes they are operational stress tests. Health systems that rely on ad hoc workflows risk higher coverage churn, worse outcomes, and avoidable revenue loss. ITO Health combines eligibility technology with consulting and analytic services to help organizations identify coverage risk, support patients through recertification, and ensure they can deliver and bill for the care their patients are entitled to receive.

MediKey

Text-based Medicaid recertification support that meets patients where they are via SMS, not portals.


HealthBase

Social care management platform purpose-built for FQHCs and safety-net organizations.

 Public Benefit Company

 HIPAA Compliant

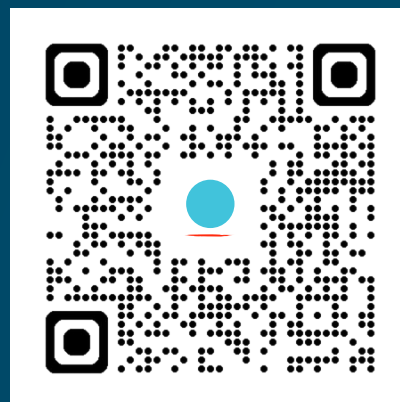
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Eligibility failure is a system problem, not a patient failure.
Let's fix the system.

[Schedule a Readiness Assessment >](#)



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