

# Medicaid Fact Sheet

## Work Requirements

This Fact Sheet explains the potential impact of work requirements proposed as part of federal budget reconciliation. Through such a mandate, states would have to require certain adults to demonstrate that they are working to qualify for Medicaid benefits. Two other states have experience implementing Medicaid work requirements: Arkansas and Georgia.

### Medicaid covers 1 in 5 Coloradans

Health First Colorado (Colorado's Medicaid program) covers about 1.2 million people, including about 40% of the state's births and 40% of the state's children. Medicaid provides access to:

- physician services, like primary and specialty care
- inpatient and outpatient hospital care
- prescription drugs
- labor, delivery and related maternal health care
- diagnostic testing, like lab and x-ray
- behavioral health care
- dental care
- long term care for people with disabilities in institutional and community settings

**If Colorado were to implement work requirements in Medicaid, based on the experiences in other states, we would expect to see:**

- An estimated 377,000 Coloradans may be at risk of losing Medicaid coverage.
- Administrative costs to the state exceeding \$57 million per year.
- Counties could require 3,700 new case managers dedicated to Medicaid work requirements—which would nearly double the amount of county workers who process Medicaid eligibility currently.



**Work requirements could apply to the Affordable Care Act (ACA) Expansion population, which includes parents and other adults without children—377,019\* Coloradans as of January 2025. While not all of those at risk would lose coverage, many would.**

- Of the members who may be subject to work requirements, we estimate over 56%\*\* are working.
- Adults who are not working may have reasons such as chronic illness, a major diagnosis like cancer, caregiving responsibilities for family members, or attending school.\*\*\*
- Medicaid work requirements in other states have applied mostly to working-age adults (ages 18 to 64), requiring them to work or engage in other approved activities 80 hours a month, or 20 hours per week. The Congressional Budget Office (CBO) has found that work requirements in other programs, such as Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), have had mixed results.

\*Based on January 2025 caseload of ACA expansion adults (single adults and parents) under age 65 before exemptions may be applied

\*\*Estimates based on employment data from the Colorado Benefits Management System December 2023-November 2024 ACA expansion population.

\*\*\*For example, 60% of low income (MAGI) adults on Medicaid are living with at least one physical or behavioral health chronic disease such as diabetes, heart disease, bipolar disorder or substance use disorder. These types of diagnoses may impact the ability for some to maintain stable employment. Only a small percentage of these populations meet criteria for permanent disability. Source: Colorado Business Intelligence Data Management System



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## Estimating the Impact of a Medicaid Work Requirement

### Increased Medicaid disenrollment and increased uninsured

The [CBO has estimated](#) that while work requirements could reduce federal spending, they would result in a higher number of uninsured people. **Medicaid would see savings from work requirements due to disenrollment when individuals cannot meet the requirement to work or cannot complete the administrative task associated with reporting their work efforts.**

- In Arkansas, for example, 18,000 people lost coverage (about 1 in 4 who were subject to the requirement after exemptions) in less than a year when work requirements were implemented. A subsequent [Health Affairs study](#), following the Arkansas work requirement implementation, found more than half of respondents who lost coverage had increased medical debt, delayed care and delayed taking medications due to costs.

### Increased administrative costs and burden

Given Colorado's state-supervised, county-administered model, implementation of this new requirement would cause administrative complexities and costs. While counties currently perform this function in Colorado for SNAP and TANF (known as Colorado Works), they do **not** perform this function for Medicaid, which is a much larger program.

The current state funding model for counties does not account for this type of work in Medicaid. Further, [state analysis shows](#) that the state significantly underfunds counties to do the work they already do. Even with the next state fiscal year budget proposal to include additional county funding, the state and counties would need significantly more funding to cover this additional work requirement administration burden or would have to directly bear the costs, further stretching already strained budgets.

- When Arkansas implemented their work requirement, they spent \$26 million in administration for approximately 171,000 in the population that could have been subject to the requirement based on age; about 69,000 were subject to work requirements after exemptions were applied at an administrative cost of approximately \$152/enrollee.
- **Assuming similar administrative costs as Arkansas of \$152/enrollee, Colorado's administrative costs could be more than \$57 million.** More refined fiscal analysis would be needed once details and rules of a work requirement are known (including the increased risk of federal penalties for missed federal Medicaid eligibility performance requirements due to strained eligibility resources).
- **Significant IT system costs would be associated with implementing this new requirement** to enable Colorado's eligibility ecosystem to perform tasks such as: identify and track individuals subject to work requirements, request work verification on a determined frequency, create new member communication notices, create a way for members to report back and verify work requirements, build policy rules on what occurs for those who do or do not respond, and more.

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## Learning from Other Colorado Assistance Programs with a Work Requirement

Both SNAP and TANF have a work requirement for certain populations. These programs are significantly smaller than Medicaid. Some members are enrolled in multiple programs, which could lead to efficiencies when implementing a work requirement for Medicaid if program rules and verification requirements were aligned across programs.

As of February 2025, Colorado SNAP has approximately [615,000 individuals enrolled](#) and Colorado Works/TANF has approximately 33,000 individuals enrolled. These are much smaller programs when compared to the more than [1.2 million](#) Coloradans enrolled in Medicaid in February 2025. Below are some implementation considerations given work requirements in other programs.

- **Implementation of a work requirement will necessitate additional capacity in counties.** Counties implementing the requirements for other programs have dedicated full time case managers to verify that work requirements are met. Assuming a case manager can manage 100 cases, that would result in the need for new county staffing of 3,700 case managers dedicated to Medicaid work requirements. That nearly doubles the amount of county workers who process Medicaid eligibility currently.
- **Additional state staff will be needed to oversee the new work requirements.** This aligns with other state programs with work requirements that have teams of state staff dedicated to meeting federal compliance, reporting and county training and oversight requirements.
- **Work requirements will drive individuals who are income eligible to lose coverage.** Some may return to coverage once paperwork is in place (known as churn). Even without work requirements, 30% of those that lose Medicaid coverage come back to coverage later. Churn will increase with a work requirement, even more so if verification of meeting the requirement is more frequent than the current annual renewal process. The state department overseeing Medicaid, Health Care Policy & Financing (HCPF), has made great strides in improving Medicaid renewal approval rates through innovation and automation, while reducing the eligibility determination paperwork burden for members and county workers. This progress will be hampered by work requirements, will result in gaps in health insurance coverage for otherwise eligible members, and will increase our state's uninsured rates, impacting Coloradans, care providers and our economy.

HCPF will continue to monitor the potential for a work requirement in Medicaid as more information is available to update our analysis and informational communications like these.

For more information about HCPF and the programs we administer visit [Colorado.gov/hcpf](https://colorado.gov/hcpf).

