MINNESOTA BUDGET PROJECT
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Health coverage at risk for 128,000 Minnesotans subject to new Medicaid work reporting requirements

In Minnesota, roughly 1 million people have health care coverage through Medicaid, also known as Medical Assistance (MA).[1] Nationally, about 68 million people were enrolled as of January 2026.[2] These include seniors, children, people living with disabilities, and people who work in jobs that don't pay enough to make ends meet. Through Medicaid, people can afford essential health care services and supports.

Medicaid is funded jointly by the federal government and the states. But the passage of the sweeping tax and budget bill called H.R. 1 last July by federal Republicans showed the federal government taking a large step back from their commitments and enacting harmful, significant cuts and changes to Medicaid. For the first time in Medicaid's 60-year history, H.R. 1 requires the burdensome implementation of work reporting requirements, also known as "community engagement requirements."

In Minnesota, an estimated 128,000 people will be subject to regular reporting for the work reporting requirement, and others will have to prove they qualify for an exemption.[3] Work reporting requirements mean fewer people will be able to afford the health care they need, will add unnecessary complexity and paperwork, will increase administrative costs for states, and will likely not increase employment.

Medicaid is a vital source of affordable health care coverage for people all across the state

Affordable and accessible health care is a vital part of healthy and thriving communities.[4] The 60-year-old federal Medicaid program is the mechanism through which one out of every six adult Minnesotans under the age of 65 receive affordable health coverage.[5] Medicaid is known as Medical Assistance, or MA, in Minnesota, and in 2024 included roughly 550,000 children, 120,000 people with disabilities or blindness, and 75,000 seniors.[6] Minnesota is one of 41 states that adopted the federal option to cover lower-income individuals; this is sometimes called the "Medicaid expansion," and the federal government covers a higher share of their cost of care.[7]

Most Medicaid participants who can work, do work, and those who do not work face substantial barriers to finding and keeping a job. In Minnesota, 78 percent of adults covered by Medicaid are employed.[8] And this follows the national trend: almost two-thirds of Medicaid enrollees aged 19 to 64 work. Most of the remaining individuals have a disability, are caring for family members, or are attending school.[9]

Work reporting requirements threaten health coverage for Minnesotans

Medicaid is an essential pathway to affordable health care for people across the state, and work reporting requirements will put many at risk of losing their coverage. Work reporting requirements will require certain enrollees to submit documentation to prove that they have worked or engaged in another qualifying activity for a certain number of hours over a period of time, that they have earned a qualifying monthly income, or demonstrate that they qualify for an exemption, as a condition to receive Medicaid coverage.[10]

Minnesota's Department of Human Services estimates that 128,000 people will be subject to work reporting requirements. This is the group of folks estimated to not have an exemption and instead will have to report regular compliance, putting them at risk of losing health coverage if they do not meet burdensome reporting

deadlines or if there is a paperwork error. With these new requirements, Minnesotans who could lose their health care coverage include people who do not secure the required number of work hours or income, but also people who *do* meet the work requirements or could qualify for an exemption but are unable to successfully navigate complicated reporting timelines or other arduous paperwork.[11]

People who are full-time caretakers or have disabilities or illnesses that keep them from paid work could still lose their health coverage because of challenges meeting paperwork requirements to prove they qualify for an exemption. Work reporting requirements will also likely lead to coverage loss for people who are working. For example, someone could lose their coverage because they failed to return a required form, or because their paperwork was lost in the mail. Loss of health care can also occur for people who are in between jobs.[12]

Work reporting requirements harm some groups more than others

Research has shown that some groups are more likely to lose their health care coverage than others. These are people who are already marginalized due to historic and current barriers to economic opportunities. The loss of health coverage would likely disproportionally affect people with disabilities, women, people experiencing homelessness, and people with mental health conditions or substance use disorders.[13] Other groups likely to be disproportionately harmed by reporting requirements are people living in rural areas or with transportation barriers, facing language or literacy barriers, in poor health, have limited mobility, or have limited internet access. These limitations can make the process of reporting their work and returning paperwork even more difficult, which would likely lead to a higher loss of health care coverage.

Prior attempts at work reporting requirements have been costly and led to large losses of health coverage

Before H.R. 1, reporting requirements had been attempted in several states. They led to substantial loss of health care coverage, high costs for states, and widespread confusion and frustrations, as seen in the three case studies below.

- In Arkansas, about 1 in 4 enrollees subject to reporting requirements lost coverage in only seven months in 2018 before a federal court halted the program.[14] A large share of the people who lost coverage were likely still eligible for Medicaid but did not reapply.[15] The work reporting requirements were stopped entirely by a federal judge in early 2019.
- In 2019, New Hampshire implemented work reporting requirements that had more flexibility and more community outreach than in Arkansas. Even still, the New Hampshire Department of Health and Human Services had trouble reaching enrollees, and among enrollees who were reporting work hours, many were not meeting the required amount. Two-thirds of people subject to requirements were poised to be disenrolled after just two months. Before the mass disenrollments could occur, New Hampshire suspended the program and a federal court halted it altogether.[16]
- Georgia includes work reporting requirements that apply to a specific new group of applicants with low incomes. The cost of implementing the requirements was initially estimated to be roughly $2,490 per person. At the end of the first year, it ended up costing about $13,360 per enrollee. Only about one-third of that spending was on health care; the rest went to systems modifications to implement the program and other administrative expenses.[17]

These examples demonstrate how folks lose their coverage due to work reporting requirements, including many who likely would still qualify for coverage. They also show how burdensome work reporting requirements are to both Medicaid participants and the state governments that enact them. States often fail to hire enough staff to respond to people's questions or to manage the process for work reporting and screening for exemptions.[18]

Work reporting requirements are not effective in increasing employment

Proponents of work reporting requirements often say their goal is incentivizing people to work.[19] But research has shown that these rules do not increase employment. The federal Congressional Budget Office concluded that a 2023 federal House bill to implement Medicaid work reporting requirements would lead to health coverage loss with no change in employment or hours worked.[20] This was true in Arkansas where work reporting requirements were implemented. Following up with participants over 18 months showed they did not increase employment.[21] Further, studies on work reporting requirements in SNAP have shown that work reporting requirements have no effects on employment.[22]

In fact, the main barriers to work for low-income adults are economic conditions outside their control.[23] Strict rules that require people to consistently work a set number of hours every week or every month do not match the reality of low-wage work. Lower-income adults are especially at risk of unexpected changes in hours worked as well as job market fluctuations. When unemployment rates are low, people tend to work more hours. But when unemployment rates are high, folks working in low-wage jobs are more often the first to lose their jobs and see drops in their hours at work. Low-income workers are also more likely to have unpredictable and fluctuating work hours in general, even if they are employed in multiple positions. These employment fluctuations could lead to gaps or loss of health coverage if Medicaid work reporting requirements are in place. Work reporting requirements do not take into account that some people live in places with few job opportunities. They simply make life and good health harder for low-income people by erecting barriers to getting health care.

Minnesota should take a people-centered approach to implementing work reporting requirements to reduce loss of health care coverage

Federal work reporting requirements endanger access to affordable health care coverage for 128,000 Minnesota adults. For many in Minnesota, Medicaid is synonymous with health. It means that when working people get sick, they can get the care they need to recover and get back on the job. It means a mother is able to afford medication for a child, a student receives mental health supports, and an older adult is able to live safely in their home.

The unfortunate reality is that work reporting requirements will strip away health care from folks who need it while creating cost pressures for hospitals, other health care providers, and the state and county governments that administer Medicaid. As Minnesota policymakers implement these policies, they should take a people-centered approach that seeks to minimize harm. This includes making policy changes to expand access to MinnesotaCare and other affordable health care options. It also includes choosing to implement work reporting requirement policies in ways that prioritize ensuring every eligible person is able to enroll in and maintain their health care coverage, such as translating notices and forms into multiple languages, ensuring simple and accessible documents submission, and providing information in plain language. Using existing data sources to verify compliance would avoid wasteful duplication and lessen the burden for Medicaid applicants and participants, and county workers. Minnesotans are all better off when people have the health coverage they need to survive and thrive, but work reporting requirements will put affordable health coverage at risk for many.

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[1] Enrollment as of April 2026. Minnesota Department of Human Services, Managed care enrollment figures, April 2026.

[2] KFF, Medicaid and Chip Monthly Enrollment, January 2026.
[3] Minnesota Department of Human Services, Minnesota Department of Human Services 2026 Supplemental Budget Book, March 2026.
[4] U.S. Department of Health and Human Services, Health Care Access and Quality, accessed February 2025.
[5] Adults in this case refer to people aged 19 to 64. KFF, Medicaid in Minnesota, August 2024.
[6] Minnesota Department of Human Services, Who Medicaid and MinnesotaCare serve, 2023.
[7] KFF, Status of State Medicaid Expansion Decisions, May 2026.
[8] KFF, Medicaid in Minnesota, May 2025.
[9] In this analysis, "work" is defined as being employed either full time or part time. Center on Budget and Policy Priorities, Research Note: Most Medicaid Enrollees Work, Refuting Proposals to Condition Medicaid on Unnecessary Work Requirements, November 2024.
[10] A qualifying income is 80 times the federal minimum wage ($580 per month). Center on Budget and Policy Priorities, States Need More Time to Prepare for Medicaid Work Requirement, April 2026.
[11] Mandatory exemptions for certain groups include pregnant and postpartum individuals, people who are medically frail, people participating in a substance use treatment program, incarcerated individuals, and more. Center on Budget and Policy Priorities, Work Requirements and Six-Month Redeterminations, April 2026.
[12] The Center for Law and Social Policy, The Racist Roots of Work Requirements in Public Benefits Programs, January 2025.
[13] Center on Budget and Policy Priorities, Medicaid Work Requirements Could Put 36 Million People at Risk of Losing Health Coverage, February 2025.
[14] Center on Budget and Policy Priorities, Pain But No Gain: Arkansas' Failed Medicaid Work-Reporting Requirements Should Not Be a Model, August 2023.
[15] Center on Budget and Policy Priorities, Medicaid Work Requirements Could Put 36 Million People at Risk of Losing Health Coverage, February 2025.
[16] Urban Institute, New Hampshire's Experience with Medicaid Work Requirements, February 2020.
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[19] Economic Policy Institute, Work requirements for safety net programs like SNAP and Medicaid, January 2025.
[20] Congressional Budget Office, CBO's Estimate of the Budgetary Effects of Medicaid Work Requirements Under H.R. 2811, the Limit, Save, Grow Act of 2023, April 2023.
[21] Health Affairs, Medicaid Work Requirements In Arkansas: Two-Year Impacts On Coverage, Employment, And Affordability Of Care, September 2020.
[22] American Economic Journal: Economic Policy, Employed in a SNAP? The Impact of Work Requirements on Program Participation and Labor Supply, February 2023.
[23] Economic Policy Institute, Work requirements for safety net programs like SNAP and Medicaid, January 2025.