

# Scenario Planning for Health Centers

## Analyzing the Impact of Potential Policy Changes on Patient Volume and Health Center Revenues

### Medicaid Coverage Losses Under a Federal Work Requirement

This analytic tool estimates the projected impact of a nationwide mandatory Medicaid work requirement covering the adult Medicaid patient population ages 18-64 who receive care at community health centers (CHCs). The analysis focuses on working-age adults who are CHC patients and who live in one of the 40 states and the District of Columbia that elected to implement the ACA Medicaid expansion to cover additional low-income adults. The CHCs included in this analysis are those that receive federal grants under Section 330 of the Public Health Service Act; the “look-alike” health centers are excluded.

Under H.R. 1, the House Budget Reconciliation bill as passed on May 22, 2025, Medicaid work requirements would take effect on January 1, 2027. The approach used to determine the total number of Medicaid adults in states that have implemented the ACA expansion, which is the focus of the work requirement, was developed by the Urban Institute and is based on an analysis of the impact of two state-level Medicaid work demonstration projects. The Urban Institute found that the percentage of people losing Medicaid coverage was approximately 36% where highly-automated data matching and enrollment processes were in place. However, under Arkansas’s work demonstration, people who had to manually report information lost coverage at far greater rates; 72% of people, virtually all of whom remained eligible based on either work or an exemption, were disenrolled because they were unable to navigate the reporting process.

An additional consideration is what happens when, as under the House bill, people must report not only during eligibility periods but at the time of initial enrollment. In Georgia, where the Pathways to Coverage Medicaid demonstration requires work reporting at the time of enrollment, reporting complexity has caused enrollment to remain at less than 10 percent of the projected eligible population.

#### Increased Automated Eligibility Verification

Estimated percentage of Medicaid adults subject to reporting requirements who lose coverage under a more automated reporting system.

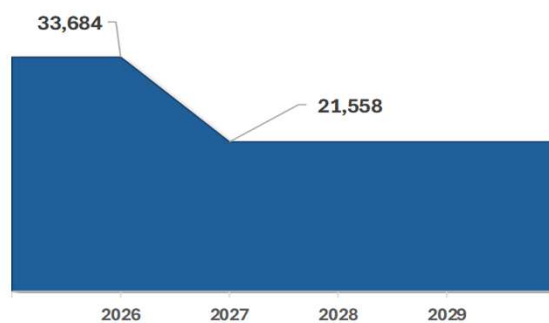


#### Increased Manual Eligibility Verification

Estimated percentage of Medicaid adults subject to reporting requirements who lose coverage because they are unable to verify either compliance with a work requirement or an exemption.

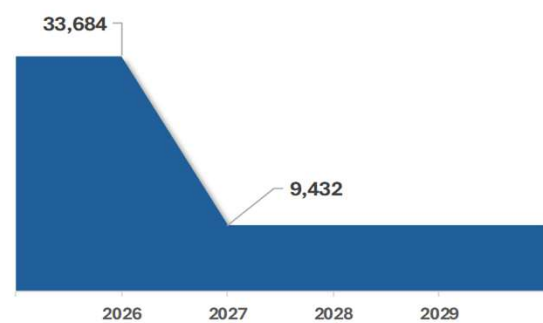


#### Estimated ACA Expansion State CHC Adult Patients Covered by Medicaid Under Each Verification Method



**12,126**

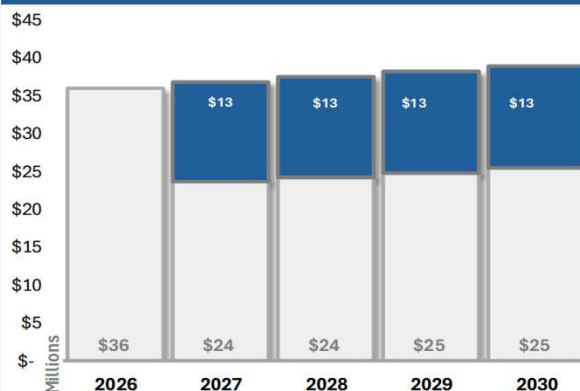
CHC Adult Patients Estimated to Lose Coverage Under Each Verification Method



**24,252**

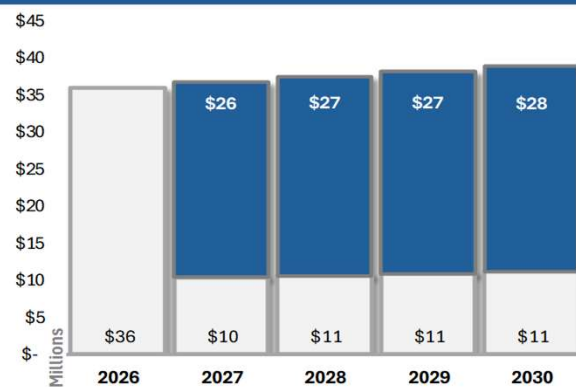
According to data from the 2023 Uniform Data System (UDS) to which all health centers report annually, in ACA expansion states (40 states and the District of Columbia) health centers serve approximately 7.7 million Medicaid-insured working-age adults. The data in this report will focus on losses in these states, and non-expansion states are excluded. UDS provides data for ages 18-64 (rather than 19-64), however this difference has a minimal impact on the analysis.

#### Revenue Loss from CHC Medicaid Patients Under Each Verification Method



**\$53,296,745**

Total projected loss from cumulative annual shortfalls from 2027 to 2030



**\$108,330,982**

These charts illustrate the projected loss of revenue to CHCs as a result of the introduction of work requirements, which will require all working-age adult beneficiaries to report either work or an exemption, both at the time of enrollment and throughout their coverage period. The charts show the range of potential coverage losses depending on whether a state makes extensive use of automated reporting or must rely heavily on manual reporting (something that may increase if implementation is pushed up to an earlier date and states are given less time to transition to this new mandatory system). Estimates utilize a normalized 2.5% increase in all payer mix collection rates over a four-year period.

## Average Annual Collections Per Patient

Medicaid

\$1,043

Self-Pay

\$1,507

Private Insurance

\$636

## Payer Mix Variables

Estimated conversion rate from Medicaid coverage to Self-Pay/Uninsured during four-year period

65%

Estimated number of Medicaid Adults that will become Self-Pay/Uninsured

7,882

15,764

User Selected

## Impacts on Total Net Income Under Each Verification Method



Total net income includes expected collections by patient category (Medicaid, Medicare, Private Insurance, and expected Section 330 grant funding), normalized patient increases, and corresponding revenue/expense changes. Net income declines as a result of lost patients multiplied by the historical collections per capita from the respective payer category.

## Health Center Patient Characteristics

Working-age adults enrolled in Medicaid and served by CHCs (8.8 million nationally across all states, 7.7 million in states that have adopted ACA Medicaid expansion) differ significantly from the general working-age Medicaid population. National health center patient survey data show that health center patients are more likely to: 1) be older; 2) be in poorer health, with serious chronic physical and mental health conditions; 3) live in isolated rural communities; and 4) include large numbers of highly vulnerable populations such as homeless adults and farmworkers, for whom navigating the reporting requirements poses special problems. When they do work, patients may rely more heavily on sporadic employment in jobs (e.g., day labor, house cleaning, babysitting) that are not linked to electronic reporting. Patients may also experience gaps in work for health reasons. These patients can be expected to experience significantly greater difficulties navigating the reporting requirements, and automated reporting tied to electronic wage data likely may work less well because the health and social burdens they face limit their ability to engage in the types of jobs tied to steady, electronic wage data. Therefore, even if working or exempt, health center Medicaid patients may be more vulnerable to coverage loss.

## Additional Considerations

Beyond the initial loss of coverage among Medicaid-enrolled patients when work requirements take effect, new requirements will affect patients and health centers going forward. Patients newly applying for Medicaid will have to prove either work or exemption at the time of application. Evidence from Georgia's ongoing Medicaid demonstration program indicates that reporting requirements linked to initial application have resulted in significant enrollment failure. Of the 100,000 adults expected to enroll in the first year after the program launch, approximately 7,000, or just 7%, have actually enrolled. This leaves approximately 93% of eligible working-age adults unenrolled due to an inability to supply substantiating documentation, or a misunderstanding of the requirements. The results from Georgia suggest that upon implementation of the new requirements, health centers could experience a significantly higher reduction in Medicaid coverage among their working-age adult patients.

## Additional Assumptions

State Medicaid agencies use existing state databases to automatically determine whether Expansion Medicaid enrollees are exempt from or already meeting work requirements based on data matching processes.

These estimates have been applied to the version of a Medicaid work requirements policy found in the One Big Beautiful Bill Act (H.R.1) as passed by the House of Representatives on May 22, 2025.

## References and Data Sources

Michael Karpman, Jennifer M. Haley, and Genevieve M. Kenney, *State-by-State Estimates of Medicaid Expansion Coverage Losses under a Federal Work Requirement* (Washington, DC: Urban Institute, 2025)

Chan, L. *Georgia's Pathways to Coverage Program - First Year in Review*. <https://www.georgiapathways.org/resources>. Accessed May 12, 2025.

2023 - Uniform Data Service database. Department of Health and Human Services. Washington DC. <https://www.data.hrsa.gov>. UDS data was utilized for year 2023 and projected for annual growth assumptions.

