

Analyzing the Impact of Potential Policy Changes

Evaluating Work Requirements for PCAs and FQHCs

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www.caplink.org

Our Vision: Stronger health centers, actively building healthy communities

Our Mission: Capital Link works to strengthen community health centers—financially and operationally—in a rapidly changing marketplace. We help health centers:



Nearly
30 years
of experience

Worked with
50+
PCAs/HCCNs
and regional
consortia

ASSISTED **2/3rds** OF HEALTH CENTERS NATIONALLY

LEVERAGED **\$1.6 billion**

FOR **260+** HEALTH CENTER PROJECTS

TOTALING NEARLY **\$2.3 billion**

- Prior to ACA Expansion, Medicaid covered seniors, individuals with disabilities, adults with children.
- Expansion broadened coverage to include working-age adults, specifically low-income adults without dependent children, previously excluded, and increased the income threshold up to 138% FPL (previously 37% FPL for parents, NC).
- ACA has been under threat, so it is no surprise that the most at-risk Medicaid population is Expansion; we modeled loss of expansion adults first. Subset of all Medicaid=CHC patients
- North Carolina's recent expansion (12/2023) only after the state budget and infrastructure was in place.
- UDS 2024 data shows us an increase in NC adult Medicaid patients ages 18-64 from 2023 to 2024 of 33,000 patients

- H.R. 1 passed by the House on May 22, 2025, specifies Adults aged 19-64 must comply with Work Requirements.
- To enroll or maintain continuous enrollment, adults must demonstrate they fulfill work requirements (engage in work, job training, education or community service activities for at least 80 hours per month) or qualify for an exemption (s.a. caring for children, disabled family members or have a serious health condition).
- States must enforce WR or risk funding losses or clawback risk (if they cover nonqualified people); H.R.1 encourages but *does not require* automated reporting systems; implementation mandated by 12/31/26.
- Magnitude of the problem= demonstrating compliance depending on verification system at initial enrollment and re-certification points. CHC patient characteristics strongly suggest they will skew to the 72% (Arkansas experience) unable to enroll or re-certify.
- GA demonstration program Pathways to Coverage- 100,000 eligible- July 2023-March 2024 (3,500-7,000 enrolled)

- WR commence 12/31/26 (CY2027)
- Focused only on 40 expansion states +DC because the WR are applied to working age (19-64) adults that will have to prove they meet the work rules or qualify for one of the bill's statutory exceptions. Proof at time of application and throughout the period of enrollment.
- Urban Institute- estimates >90% of Medicaid enrolled working-age adults currently work or would be exempt- and ~ 52% of the working age adult expansion population would qualify for an exemption and would be granted one through automated reporting.
- After assuming the automatic exemption, Urban estimated 36% of adults could lose coverage because of reporting complexities even with an automated verification process.
- For for populations dependent on **manual** reporting, and therefore NOT able to receive the automatic exemptions, the risk of coverage loss increase to 72% of the population losing coverage (no exemption nor able to report sufficient work activities).

- CHCs provide primary health care services for Medicaid patients-complex medical and social needs.
- Adults who receive care are older, in poor health and have considerable health and social burdens.
- CHC patients are 2x as likely to be in poor health and have high rates of multiple, chronic health conditions.
- Patients struggle to work hourly jobs, and wages tend to NOT be captured in automated systems; therefore, they will be more challenged to provide documentation of their work status or exemptions, and will rely on frequent, manual reporting.

Nationally, over the five years following the implementation of work requirements, nearly 5.6 million CHC Medicaid patients who live in states that have expanded Medicaid to low-income working age adults could lose coverage, and revenue losses~ \$32 Billion

In **North Carolina**, using 2024 UDS information, our range is between **44,436 and 88,872 patients losing coverage under the two different verification methods.**

This could mean a reduction in revenue between \$195,725,522 to \$397,831,765 over the four- year period (2027-2030); and net income (losses) ranging from \$60MM to \$75MM in just year one of the program (2027).

North Carolina [2024]

May 22, 2025

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.

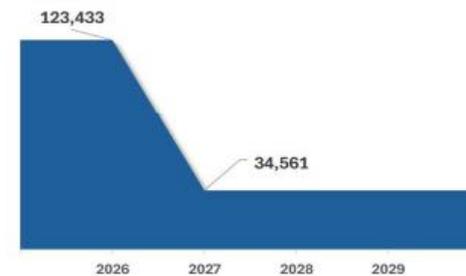
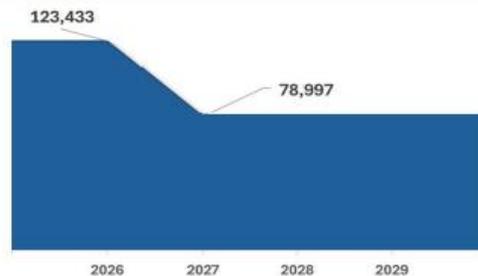


Increased Manual Eligibility Verification

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



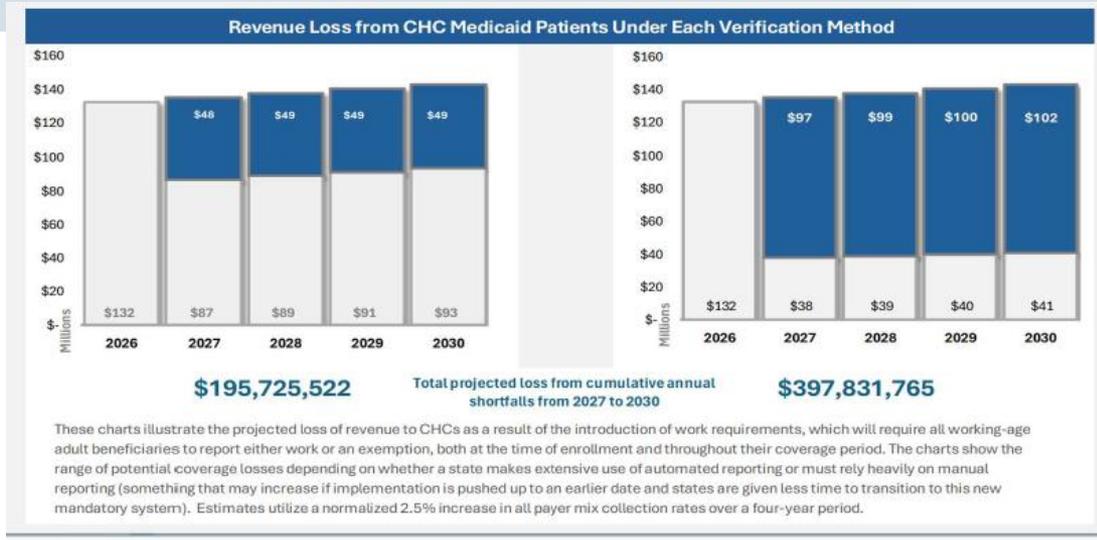
44,436

CHC Adult Patients Estimated to Lose Coverage Under Each Verification Method

88,872

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.

Estimated Revenue and Net Income Loss



North Carolina [2024]

Average Annual Collections Per Patient

Medicaid	\$1,045	Self-Pay	\$234	Private Insurance	\$1,388
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Payer Mix Variables

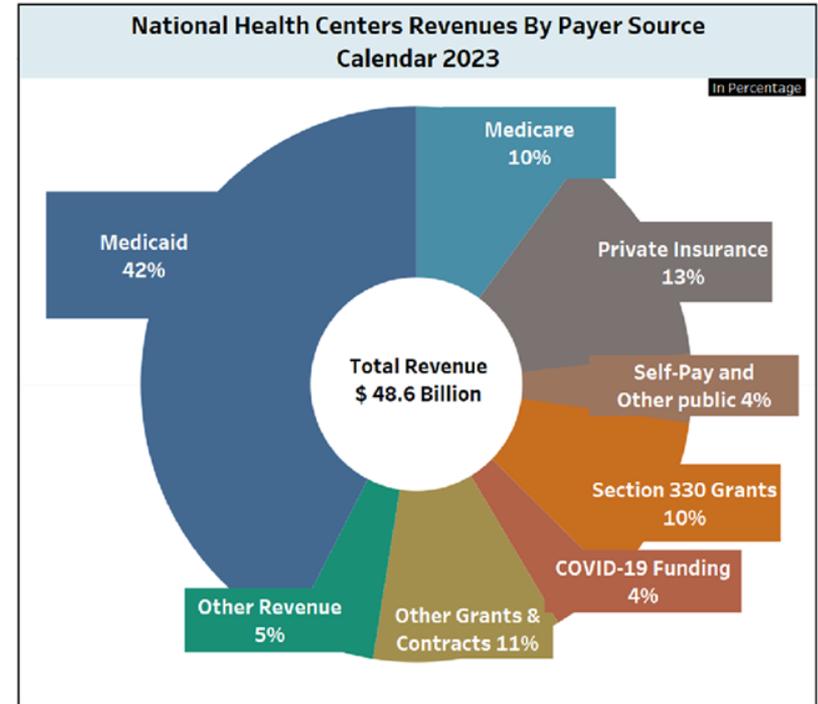
Estimated conversion rate from Medicaid coverage to Self-Pay/Uninsured during four-year period: **65%** (User Selected)

Estimated number of Medicaid Adults that will become Self-Pay/Uninsured: **28,883** (Selected) | **57,767** (User Selected)



Mitigation Strategies

- **Retention of current patients**
 - Similar to employee turnover
 - Costs less to retain than to recruit new
- **Identify ways to provide reimbursable services**
 - Work to maximum licensures
 - Contact patients
- **Medicaid**
 - Work attribution lists to improve accuracy
- **Medicare**
 - Consider programs targeted to seniors
- **Private**
 - Become attractive when patients have a choice
- Strengthen local partnerships
- Expand Service Offerings
- Invest in Workforce Development
- Enhance Revenue Cycle Management
- Engage in Community Fundraising
- Monitor Patient Satisfaction
- Leverage Technology
- Collect Data, Cost Savings Analysis



Order state or FQHC specific Work Requirements Scenario Planner:

www.caplink.org/state-scenario-snapshots

Follow GWU/GGP and Commonwealth Fund:

www.commonwealthfund.org/blog/2025/community-health-center-patients-medicaid-coverage-work-requirements

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Performance Evaluation Profile (PEP) - a diagnostic tool for health centers and PCAs to examine financial health, productivity, utilization, and staffing.

Value & Impact Analysis - Tell the story of your health center in terms of economic impact, savings to Medicaid, and care for vulnerable populations.

Strategic Planning Facilitation - dynamic and relevant strategic planning, helping to assess market needs, prioritize goals and objectives, and develop action plans.

Operations and Facilities Planning - we work with health center teams to translate strategic program objectives into sustainable operations within functional spaces.