

---

# The Medicaid Cliff

Preparing for the 2027 Work Requirements

**Ed Hendel**

Co-Founder & CEO, Sky Island AI

*Harvard University | 10 years in healthcare AI and data science | Banner Health | UnitedHealth Group | Evolent Health*

# New federal Medicaid work requirements are coming in 2027

---

- The One Big Beautiful Bill Act (OBBBA) includes work requirements that take effect January 1, 2027
- 80 hours/month of qualifying activity, reported to the state
- Redetermination every six months, doubled from annual
- Exemptions include disability, pregnancy, caregiving, tribal affiliation
- Primary target is the ACA Expansion population

## Millions are projected to lose coverage nationally

---

# 5 million

Medicaid members projected to lose coverage  
(Congressional Budget Office)

- This will create significant financial strain across the Medicaid ecosystem
- Every procedural disenrollment is a member your plan loses revenue on

# Most members who fall off in early 2027 will not come back

---

- 30 days to respond to a noncompliance notice before disenrollment
- The law bars people disenrolled under work requirements from receiving Marketplace premium tax credits, so there is no fallback: **members who lose Medicaid coverage will become uninsured**
- This is the **Medicaid Cliff**

**11%**

of people who lost coverage in Arkansas in 2018 had regained it the next year

# In Arkansas, most people who lost coverage were supposed to keep it

---

**12%**

of the targeted population lost coverage in  
six months

**< 5%**

were actually non-compliant, per NEJM

- More than twice as many people lost coverage as were actually non-compliant

# The cause was administrative burden, not failure to work

---

- KFF found that people didn't understand the notices, couldn't navigate the reporting portal, and couldn't reach a live person for help
- When Arkansas reviewed individual non-compliance findings, 76% of the cases it overturned were people who had met the requirements but failed to report it

# The 2023 national unwinding confirmed this is a systemic pattern

---

**20M+**

coverage terminations during the unwinding

**69%**

were procedural (e.g. failure to file paperwork),  
not due to actual eligibility

- States with proactive outreach retained more eligible members
- Routine annual renewal already produces procedural churn; OBBBA adds recurring verification on top

# Non-English speakers face compounding barriers

---

**25%**

of states don't offer  
Spanish-language  
Medicaid applications

**5.3x**

the odds of losing  
coverage at  
redetermination for  
Limited English Proficiency  
members

**2x**

as likely for Hispanic  
members to lose coverage  
for procedural reasons  
during the unwinding

# Proactive outreach works, but scaling is the biggest challenge

---

- Single phone calls improve renewal and enrollment outcomes across multiple RCTs
- Multi-channel contact compounds the effect: phone+email was more effective than phone alone
- But with millions projected to lose coverage, hiring and training enough case managers to help the at-risk population before the cliff is not realistic

# The cliff is coming, and the time to prepare is now

---

State outreach begins between July and September 2026, after June 1 HHS final rule

Work requirements take effect January 1, 2027

**Ed Hendel**

ed.hendel@skyislandai.com

925-278-8870

Scan QR code or visit link below for **slides**, **sources**, and more on the Medicaid Cliff:

[skyislandai.com/medicaid-cliff](https://skyislandai.com/medicaid-cliff)

