Medicaid Work Requirement Rule Will Push People with HIV Out of Care

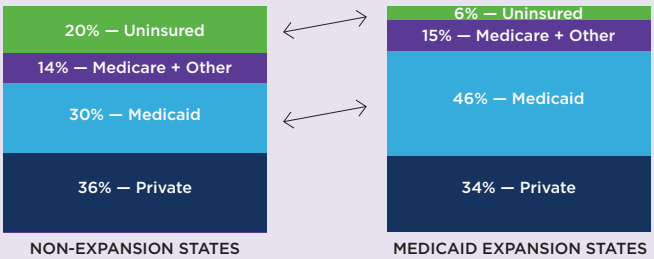
Preventing and treating HIV is a hard and complex task. Over the past ten plus years, major progress has been made with newly expanded access to Medicaid coverage for people with HIV and heightened efforts to support durable HIV viral suppression. Legislation signed into law last year as part of the One Big Beautiful Bill Act (OBBBA, P.L. 119-21), however, will likely set back much of this progress. Proactive steps are needed to mitigate the harm.

MEDICAID IS THE FOUNDATION OF HIV HEALTH INSURANCE COVERAGE

Medicaid always has been the largest source of financing for HIV care, and in 2023 it covered 46% of adults with diagnosed HIV. Prior to the Affordable Care Act (ACA), however, Medicaid eligibility was largely restricted to persons with HIV who qualify for traditional Medicaid on the basis of disability (including persons whose primary coverage is Medicare, but who meet the requirements for dual eligibility), along with smaller numbers of individuals gaining eligibility through the parents and children coverage pathways. This presented a catch-22 for people with HIV who needed early access to care as soon as possible after diagnosis, but who did not meet the clinical criteria to become eligible for coverage until they met the Social Security definition of disability (i.e. advanced HIV disease). The ACA not only gave people with HIV new access to private insurance (i.e. marketplace coverage), it also established the Medicaid expansion group that enables states to cover nearly all adults with income up to 138% of the federal poverty level without requiring them to fit into an eligibility category such as disability. Today, 40 states plus DC have expanded Medicaid. The ACA has led to a significant expansion of insurance coverage for people with HIV, mostly through Medicaid. In 2023, half of all Medicaid enrollees with HIV nationwide became eligible through the Medicaid expansion pathway, rising to 60% in Medicaid expansion states. Several HIV high incidence states in the southern U.S., however, have refused to adopt Medicaid expansion even though the federal government pays 90% of the cost of covering this population, limiting Medicaid's potential for helping to curb the HIV epidemic.

MEDICAID EXPANSION IS A CRITICAL SOURCE OF HIV INSURANCE COVERAGE

Insurance Coverage Among Adults with HIV by State Medicaid Expansion Status, 2018



Note: *Coverage rates in Medicaid expansion vs non-expansion states significantly differ (p<.001)
Source: KFF, based on KFF/CDC Analysis of Medicaid Monitoring Project data, 2018.

MEDICAID WORK REQUIREMENTS WILL CAUSE INTERRUPTIONS IN CONTINUOUS HIV CARE

The OBBBA established work requirements that require that, no later than January 2027, adults covered by Medicaid expansion and some waiver programs complete 80 hours of work or community service activities per month or meet exclusion criteria in order to enroll in and maintain coverage. This threatens Medicaid coverage not only for people who cannot meet the work requirement, but also for people unable to navigate and satisfy the documentation and administrative requirements, especially those with other, overlapping health conditions (73% of adult enrollees with HIV have another chronic condition and 46% have an SUD or mental health diagnosis) and other barriers.

The law contains an exclusion from the work requirement for people who are "medically frail," including people who have a "serious or complex medical condition." States believed that this had given them a way to exclude people with serious health challenges like HIV and other conditions, shielding them from possible gaps in coverage. In June 2026, however, the Centers for Medicare and Medicaid Services (CMS) issued an interim final rule (IFR) that prohibits states from categorically excluding people from work requirements based on their health status. Instead, the rule imposes a two-part test for medical frailty:

CBO PROJECTS MILLIONS WILL LOSE MEDICAID COVERAGE

The OBBBA requires that adults covered by Medicaid expansion and some waiver programs complete 80 hours of work or community service activities per month or meet exclusion criteria to enroll in and maintain Medicaid coverage. The law established several mandatory exclusions from these requirements including for those who are medically frail, which included five qualifying conditions. Of particular relevance to many people with HIV, this includes persons with substance use disorders (SUD) and persons with serious and complex medical conditions.

States believed that Congress had given them a viable means to exclude people with serious health challenges like HIV from work requirements. The Centers for Medicare and Medicaid Services (CMS), however, issued an interim final rule (IFR) in June 2026 that prohibits states from automatically excluding people from work requirements based on their health status. Instead, the rule imposes a two-part test for medical frailty: individuals must have a condition that would potentially qualify them as medically frail and the condition must limit their ability to satisfy the work requirement.

In August 2025, following enactment of the OBBBA, the Congressional Budget Office (CBO) estimated that the work requirements (i.e. community engagement) will cause 2.2 million more people to be uninsured per year starting in 2027 rising to 5.3 million per year by 2033. Relying on prior research, CBO also has concluded that work requirements do not increase employment.

STATES SUE OVER MEDICAL FRAILTY PROVISIONS IN THE INTERIM FINAL RULE

In the same month that CMS published its Medicaid Interim Final Rule (IFR), 23 states plus 2 governors, and the District of Columbia sued the Department of Health and Human Services and CMS in federal court, challenging certain provisions of the IFR and seeking a preliminary injunction to block and vacate them.. The suit alleges the IFR:

1. **Constrains who qualifies as medically frail:** The Administration asserts that the IFR will prioritize coverage for the most vulnerable, but the new requirements will constrain who is excluded due to medical frailty.
2. **Dramatically narrows congressionally established exclusions:** Contrary to months of regular communications and preliminary guidance with state Medicaid agencies, the new requirements took states by surprise and dramatically narrow congressionally established exclusions from the work requirements.
3. **Creates unnecessary bureaucracy:** This will cause people who are already working or eligible for an exclusion to lose coverage.
4. **Will harm plaintiff states:** The IFR creates financial and other risks for states due to its complexity, cost and the time needed to implement it. There is also a risk for harsh penalties if CMS determines that states have violated it. This includes potentially missing a statutory deadline of August 31, 2026 to communicate to Medicaid enrollees about what is required to satisfy the work requirement or obtain an exclusion.

individuals must have a condition that would potentially qualify them as medically frail and the condition must limit their ability to satisfy the work requirements. While the rule lists HIV as a condition that could meet the medical frailty exclusion, it also cites it as an example of a condition that would not qualify if the acuity of the condition is not severe. For many individuals with HIV, this potentially re-establishes a catch-22 where Medicaid is unavailable until their HIV has significantly progressed.

ACTIONS NEEDED TO MINIMIZE HARM

The IFR, if implemented, likely will cause even more people with HIV than initially projected to lose Medicaid and have interruptions in antiretroviral therapy (ART) and other care. HIV stakeholders should consider the following:

- **Encourage CMS to withdraw and revise the IFR:** Public comments are open until July 31, 2026, and public education and attention can continue even after the comment period closes. This includes submitting amici briefs in support of states' efforts to have the courts enjoin enforcement of the IFR.
- **Work with state policymakers to mitigate harm:** HIV stakeholders should work with state officials to provide feedback on implementation. This also should include working with their state's Medicaid Advisory Committee (MAC), a federally mandated committee, to educate them on the critical importance of uninterrupted health coverage for people with HIV. This also should extend to working with Medicaid managed care plans to minimize coverage losses and to urge every state to permit self-attestation in 2027 or as long as permitted.
- **Educate Medicaid enrollees about the work requirement and available exclusions:** Even when individuals are working, failure to document this in a timely manner can cause individuals to lose coverage. A major effort is needed to help enrollees with HIV understand the need to take action to retain Medicaid. In states that permit self-attestation, education is needed to help individuals understand what it is and how to self-attest.
- **Educate patient navigators, case managers and community health workers (CHWs) on work requirements and how to document work or receive an exclusion:** Given the critical importance of Medicaid, the HIV community must dedicate significant new resources to educating and equipping various clinical and community partners to assist people with HIV in taking action to retain their Medicaid coverage.
- **Bolster patient navigation supports in the RWHAP:** Many state AIDS Drug Assistance Programs (ADAPs) are already in crisis. After a debate in Congress, the OBBBA did not extend ACA enhanced premium tax for marketplace coverage, and they expired at the end of 2025. These credits enabled people with income above 400% of poverty ($63,840 for a single individual in 2026) to receive premium subsidies for a marketplace plan and capped the personal responsibility for the premium at 8.5% of income for a silver plan (medium level of coverage among marketplace plans) for persons at all income levels. The failure to extend these tax credits has already caused people with HIV to lose marketplace coverage and turn to ADAPs for support. **ADAP programs are not equipped to ensure stable ART and other medication coverage for potentially large numbers of additional people who could lose Medicaid coverage**. All parts of the Ryan White HIV/AIDS Program (RWHAP) should increase their investments in insurance navigation to minimize the loss of Medicaid coverage.

THE TIME IS NOW

Decades of commitment to ending HIV are at risk. In recent years, HIV incidence has been declining**. . Taking action to preserve Medicaid coverage for people with HIV is essential to our ongoing national success.**

TO LEARN MORE

For additional background information, see:

The Medical Frailty Exclusion from Medicaid Work Requirements: Key Takeaways from the CMS Interim Final Rule, KFF, June 23, 2026.

Medical Frailty and Medicaid Work Requirements: Challenges for People with HIV, KFF, July 1, 2026.

See also our *Quick Take: Our Interconnected HIV Care Financing System is Under Threat*, May 2025 and other resources at the link below.

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