

# REENTRY, WORK, AND MEDICAID: BUILDING SYSTEMS THAT DON'T FAIL

## ENSURING MEDICAID POLICY ACCOUNTS FOR THE REALITIES OF REENTRY

### EXECUTIVE SUMMARY

On January 1, 2027, for the first time in the program's history, Medicaid will institute work requirements. The 2025 budget reconciliation bill, H.R.1, mandated that adults ages 19-64 enrolled in Medicaid must complete at least 80 hours per month (20 hours per week) of either work, community service, or participation in a work or educational program. This change is expected to result in millions of Americans losing coverage over the next 10 years<sup>1</sup>. While federal law prohibits the use of federal Medicaid funds for people while incarcerated, Medicaid provides critical services to justice-impacted individuals following incarceration.

Center for Employment Opportunities (CEO) is committed to ensuring that Medicaid-eligible justice-impacted individuals can meet work requirements and continue to advance their careers through subsidized employment and training (E&T) activities, such as those offered through SNAP E&T.

### BACKGROUND

Every year, 600,000 people return home from incarceration—80-90% of whom are eligible for Medicaid upon release<sup>2</sup>. Despite research linking Medicaid enrollment with improvements to individual health and employment outcomes, as well as increased community health and public safety<sup>3</sup>, post-incarceration enrollment is too low.

Work requirements rarely have the outcomes advertised by their proponents. They have no substantial effect on long-term employment outcomes and exacerbate the rate of poverty<sup>4</sup>. In stark contrast, CEO's voluntary program nearly doubled the likelihood of employment<sup>5</sup> after three years.

### THE CHALLENGE

As H.R. 1 introduces Medicaid work requirements to enrollees, we must work to ensure as many people as possible are able to access quality healthcare by providing subsidized employment and income that address the realities of reentry.

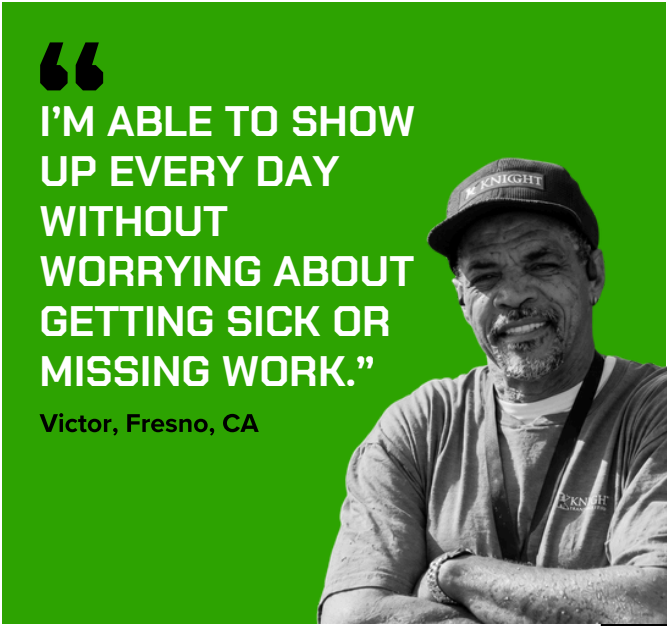
<sup>1</sup> CBPP | <sup>2</sup> CSG | <sup>3</sup> MACPAC | <sup>4</sup> CBPP | <sup>5</sup> CEO

## VICTOR'S STORY


Access to health care is essential to successful reentry and employment stability.

Victor enrolled in Medi-Cal immediately after returning home and was approved within two weeks. Medi-Cal covers his prescriptions at no cost and provides a ride-share service that allows him to get to and from medical appointments—critical support since he currently does not have transportation.

With two infant children also enrolled in Medi-Cal, Victor is able to redirect money that would otherwise go toward medical expenses to support his family. By removing barriers to care, Medi-Cal helps Victor stay healthy, reliable, and ready for daily crew assignments.




## WHY MEDICAID IS ESSENTIAL TO REENTRY



**Between 39 and 43 percent** of incarcerated people have at least one chronic health condition.<sup>6</sup>



Women with incarcerated family members are **three times** as likely to have had a heart attack or stroke.<sup>7</sup>



**43% of people in prison** have been diagnosed with some form of mental illness.<sup>8</sup>

## THE SOLUTION(S)

With unprecedented work requirements forced upon Medicaid beneficiaries, we must lean on tested experts in the workforce development space and we cannot leave those returning from incarceration without support. We must start the work now and start building a sustainable infrastructure that ensures those who are exempt from work requirements are able to access healthcare, and those who have work requirements can receive an income.

<sup>6</sup>NIH | <sup>7</sup>AJPH | <sup>8</sup>PPI

## THE SOLUTION(S) CONT.

### **Congress must extend the exemption period for returning individuals from 3 months to 12 months**

Justice-impacted people already face significant employment barriers: legal restrictions, fines and fees, discrimination, resume gaps, and housing and transportation instability. Formerly incarcerated people have an unemployment rate five times that of the general population. H.R. 1 allows a three month waiver for work requirements for people returning from incarceration, but justice-impacted people experience a 30% unemployment rate a year after release. Lawmakers must extend this waiver period to at least a year in response to the realities of job searching with a criminal record.

### **Ensure subsidized employment / taxable stipends are counted as minimum monthly income to fulfill work requirements**

Due to expansive barriers to employment for people returning from incarceration, subsidized work and stipends for participating in advanced training courses through programs such as CEO are integral for successful reentry. For people living paycheck to paycheck, it's impossible to take time to enroll in advanced training courses. Work-based learning models allow for participants to earn income as they hone skills to build family-sustaining careers.

### **Simplify work requirement reporting**

Evidence from states that have previously implemented Medicaid work requirements show that many beneficiaries are believed to have failed work requirements but in reality the "failure" is due to administrative burdens of tracking and reporting work activities<sup>9</sup>. Stakeholders must work now to develop simplified state-level processes for determining, tracking, and reporting work requirement exemptions.

### **Ensure alignment and data sharing between SNAP, Temporary Assistance for Needy Families (TANF) and Medicaid**

For the majority of states, this is the first time they will encounter work requirements for Medicaid. We don't have time to wait to ensure alignment and integration with SNAP, TANF, and Medicaid work requirements. These programs must have open lines of communication to create smooth, automatic processes that help people meet community engagement requirements while maintaining access to healthcare. H.R.1 specifies that Medicaid enrollees meeting SNAP work requirements are exempt from Medicaid work requirements; states should formalize this process and data systems without requiring this exemption to fall on the individual recipients.

### **States must invest in workforce development**

In preparation for January 2027's work requirement implementation, states must implement initial pilots to demonstrate the increased need for federal investment in SNAP and TANF Employment & Training programs. This will build more capacity for providers to service more people. Now is the time for public and non-profit partnership in the form of investments in workforce development providers that serve people returning from incarceration, assist in Medicaid enrollment, and provide work support needed to fulfill the new work requirement.

**JUSTICE-IMPACTED PEOPLE EXPERIENCE A 30% UNEMPLOYMENT RATE A YEAR AFTER RELEASE."**

<sup>9</sup> CBPP

## BY THE NUMBERS



Medicaid coverage has shown to decrease the likelihood of reincarceration by over **13.5%** within **6 months** of release<sup>10</sup>



Medicaid coverage led to a **5.5% increase** in employment and **\$243 increase** in earnings during the first months of release<sup>11</sup>



In the first year post release, Medicaid coverage led to an increase of **\$1615** in income<sup>12</sup>

## CONCLUSION



Medicaid work requirements are coming—and we can work to mitigate the harm while advocating for protections. With clear exemptions, aligned systems, and real investments in workforce development, we can ensure that people returning home from incarceration are not cut off from healthcare at the very moment stability matters most. The alternative is a familiar and costly cycle: untreated health needs, unemployment, and increased risk of recidivism that hurts families, communities, and taxpayers alike. Congress and states still have time to act, but that window is closing fast. If we fail to build the infrastructure now, we will once again punish people not for refusing to work, but for navigating systems designed to make success nearly impossible.

<sup>10</sup> NIH | <sup>11</sup> NIH | <sup>12</sup> NIH