POLICY BRIEF

One Big Beautiful Bill Act: State-Level Advocacy Actions for the HCH Community

September 2025

H.R. 1, the One Big Beautiful Bill Act, requires significant policy and funding changes to state Medicaid programs over the coming years that will disproportionately harm people experiencing homelessness (see text box). However, there are options states can take to lessen these harms.

This policy brief outlines state-level advocacy options the Health Care for the Homeless (HCH) Community should pursue to offset the impact of Medicaid cuts—with some options specific to homelessness, and others aimed at the broader Medicaid population.

Resource: One Big Beautiful Bill Act: Impact on the HCH Community

With many provisions set to take effect January 1, 2027, states will have to make critical decisions in the coming months in anticipation of budget shortfalls – likely during the upcoming 2026 state legislative sessions. **Advocates must act now to build support for allowable policy options that will decrease coverage loss and service reductions.**

Summary

In all states, two homelessness specific advocacy actions could reduce coverage/service losses for unhoused people:

- **Include addresses for service providers** when states are verifying enrollee addresses
- **Protect Medicaid-funded 1115 waivers** for supportive housing and medical respite care

In Medicaid expansion states, options are available to ease the administrative burdens of the work reporting requirement:

- **Adopt flexible work requirement options** to soften impact
- **Maximize definitions of allowable exemptions** so more people qualify
- **Ask CMS for a homelessness exemption**

All States: Include Service Provider Addresses

What's new: Beginning January 1, 2027, states are required to regularly obtain address information for individuals enrolled in Medicaid (managed care plans are required to provide this information to the state) to prevent simultaneous enrollment in multiple states. States shall obtain address information from reliable data sources such as returned mail,

the National Change of Address Database, a managed care entity, or other data sources as identified by the state and approved by the Department of Health and Human Services (HHS).

Impact: Many people experiencing homelessness do not have a permanent address or may change their address often because of residential instability, making it difficult for state-level systems to maintain accurate, current information. To receive mail, individuals may also use the address of their health care provider, a shelter or a drop-in center, or other community program. However, as these are not residential addresses, states may not recognize them or may question why many people are registered to one address (a potential flag for fraud).

Take action: To ensure states do not dis-enroll individuals because of dated or unfamiliar address information, the HCH Community should advocate states take the following actions:

- **Include homelessness service provider addresses:** Urge your state to request approval to use alternative data sources—specifically homelessness service provider addresses—for address verification.
- **Send provider address lists:** Partner with Continuums of Care (CoCs) and other community partners to regularly send your state an updated and accurate roster of service providers addresses.

All States: Protect Medicaid 1115 Waivers

What's new: Changes to Medicaid financing will mean states receive significantly less funding over the next 10 years. In order to balance their budgets, states will be under pressure to eliminate (or reduce) added Medicaid services such as the 1115 waivers that fund services in supportive housing and medical respite care programs.

Impact: Discontinuing Medicaid-funded supportive housing services or medical respite care will jeopardize housing and health care stability for many people who are—or were—homeless, even if they remain enrolled in Medicaid as individuals.

Take action: To protect added services vital to people experiencing homelessness, the HCH Community should advocate states take the following actions:

- **Preserve 1115 waivers:** Advocate for states to keep these waivers by emphasizing the cost savings, reduced burdens on hospitals, and improved health outcomes.
- **Educate lawmakers:** Host site visits with lawmakers, staff, or legislative analysts so they can witness the impacts and benefits of these programs firsthand.
- **Share data and success stories:** Provide lawmakers with program data and outcomes as well as highlight personal stories that humanize people as evidence of program effectiveness and why Medicaid-supported services should continue.

Medicaid Expansion States: Adopt Flexible Work Requirement Options

What's new: One of the biggest changes to Medicaid is the "community engagement" requirement (also known as the work requirement). Starting January 1, 2027 (or earlier if states opt), individuals age 19-64 must prove they accumulated at least **80 hours each month** working, in a work program, in community service and/or in an educational program to qualify for Medicaid.

Note: Some states have already applied to start early: Iowa, Kentucky, Montana, and Utah

Impact: Over 5 million people are estimated to lose Medicaid coverage because of the burdensome requirement to report work hours each month. However, there are some options states can adopt to minimize or delay the harm that comes from losing health insurance.

Important note: States will each set up their own verification system and protocols, which will likely vary widely. Details are vitally important but HHS has until June 1, 2026 to issue final guidance on processes and requirements.

Take action: The HCH Community should advocate for states to take the following actions to soften the impact of the work reporting requirement:

- **Request a "good faith" extension waiver:** HHS can approve states to delay the provision by two years—until January 1, 2029 if states apply for a "good faith waiver" based on demonstrated efforts at implementation (details from HHS about what this entails are forthcoming).
- **Verify compliance at the state level:** Ensure states use all available data systems to verify compliance and do not require compliance to be proven by the individual.
- **Phase in implementation:** The law allows states to subject some groups to the requirement before others (e.g., start with one age group or one part of the state first). This would require a waiver from CMS.
- **Opt for less frequent verifications:** States do not have to verify compliance every month and instead should opt to only check at the 6-month verification point.
- **Provide multiple methods to communicate non-compliance:** The law requires states to provide outreach by regular mail and one or more additional method. Encourage your state to use as many outreach methods as possible to notify individuals of non-compliance (email, text, mail, etc.).

Medicaid Expansion States: Maximize Exemptions

What's new: The law exempts some people from the work requirement (see table). It also requires states to establish processes to use reliable information available to the State (such as payroll or encounter data) to verify work without requiring the individual to submit additional information.

Mandatory Exemptions	Optional Exemptions
• Parent/guardian of dependent children under age 13 or disabled individual • Pregnant/post-partum • Foster youth under age 26 • Medically frail • In substance use treatment • Meeting SNAP/TANF work requirements • American Indian/Alaska Native • Disabled veterans • Incarcerated within last 90 days • Enrolled in Medicare Part A or B	• **"Short-term hardship event"**—defined as someone who received services in a hospital (medical or psychiatric), nursing facility, intermediate care facility for persons with intellectual disabilities, or similar services including outpatient care relating to these other services • Resides in a county where there was a national emergency/disaster or the unemployment rate was 8% or 1.5 times the national rate • Travelled outside their community "for an extended period" to receive medical treatment
Note: The work provision applies to the Medicaid expansion population group. It does not apply to people under age 19 or 65+ or those who receive SSI/SSDI.	

Impact: While many unhoused people work and attend school, navigating the paperwork and online systems needed to *prove* compliance will be a barrier.

Take action: To maximize the exemptions allowed under the law, the HCH Community should advocate states take the following actions:

- **Add medical respite care to "short-term hardship event" definition:** The law allows states to include "outpatient care relating to other services" to count as an exempted activity for that month.
- **Include outpatient substance use treatment services:** Ensure outpatient and/or intensive outpatient SUD services provided at health centers are included under the "drug addiction or alcohol treatment" exemption category.
- **Include mental health services:** Include mental health services provided at health centers under "medically frail" or "special medical needs" exemption category.
- **Verify exemptions at the state level:** Ensure states use all available data systems to grant exemptions, such as Medicaid claims data, SNAP/TANF databases, corrections data, etc. **Do not require individuals—or their health care providers—to take on the burden of verifying exemptions using data the state already has.**
- **Allow signed affidavits:** Maximize data sources by permitting case managers, shelter staff and providers to verify through a signed affidavit or letter from the program.

Medicaid Expansion States: Request a Work Exemption for Homelessness

What's new: The law does not explicitly permit states to request additional exemptions, but the law also does not *prohibit* such requests. States can include additional requests in any OBBBA waiver. Even if CMS denies the request, raising the issue of homelessness in state-level discussions may help policymakers find other ways to ease reporting requirements for this population.

Impact: People experiencing homelessness already face significant barriers accessing care and navigating complicated bureaucratic systems. While a portion of people should qualify for the mandatory exemptions listed above, others will fall outside those parameters. The work reporting requirement is anticipated to disproportionately burden unhoused people, putting them at a high risk of coverage loss and complicating the goals of achieving greater stability and ending homelessness.

Take action: The HCH Community should advocate states take the following actions:

- **Request an exemption for homelessness:** Urge your state to request an additional work requirement exemption for homelessness in its waiver to CMS. Homelessness can be identified by searching for the Z59.0 code in health claims data and/or leveraging data from state or local Homeless Management Information Systems (HMIS).
- **Use model waiver language:** Reference Montana, Arizona, and Kentucky's homelessness exemption requests from their 1115 waivers. Both Arizona and Kentucky listed "individuals who are homeless or who were recently homeless up to six months post-housing" in its list of work exemptions, while Montana requests "people experiencing homelessness" be eligible for the short-term hardship definition.
- **Provide states the justification for a homeless exemption:** Our partners at USC Street Medicine Institute framed the argument for extending an exemption for unhoused people (see link in text box).

USC Street Medicine Resource:

Fact Sheet on Work Requirement Exemption for People Experiencing Homelessness

Everyone: Engage Stakeholders and Maximize Advocacy Actions

States will be assessing the budgetary impacts of the law (in the short- and long-term) as well as projecting coverage losses anticipated to start in January 2027 (if not earlier at state option). They will also be determining how they set up the verification systems to meet new requirements—ideally by integrating multiple state data systems. Each state will differ in its approach and how decisions are made.

To ensure the HCH Community can advance the recommendations in this policy brief, engage the following stakeholders as soon as possible:

- Medicaid director and leadership staff
- State Department of Health leadership
- State Interagency Council on Homelessness
- State Medicaid Advisory Committee (states are required to have these—find yours by googling "<your state> Medicaid Advisory Committee")
- State legislature: Health, Housing and/or Budget Committee chairs/members, fiscal analyst staff, other lawmakers with an interest in Medicaid, poverty, or health care.
- Advocacy coalitions focused on Medicaid, poverty, health care, housing, homelessness, human rights, etc.

Be sure to identify the appropriate stakeholder in *your* state as agency names and official titles can vary. Get on email lists for public meetings, go to any legislative hearings set up on these topics, and work with existing coalitions to advance policies that reduce the harm of this law.

Conclusion

We remain resolute in our unwavering commitment to advocating for the health, well-being, and human rights of people experiencing homelessness. While the provisions in H.R.1 are deeply harmful to health centers, medical respite care programs, and the people they serve, this policy brief identifies specific strategies to reduce the impact on the HCH Community—but we must act now. Coordinate with coalition partners and state and local policymakers to develop a strong, unified strategy.

Additional Resources:

Impact of Medicaid Work Requirements for Unhoused People | NHCHC

Member Highlight: Central City Concern: Providing Comprehensive Services to Help People on the Path to Housing, Recovery, and Employment

Medicaid Work Reporting Requirements: Implementation Basics and State Decision Points | State Health and Value Strategies

A Closer Look at the Work Requirement Provisions in the 2025 Federal Budget Reconciliation Law | Kaiser Family Foundation

Connecting Medicaid Members to Work: Expanding Access to Evidence-Based Employment Models | Center for Health Care Strategies

Protecting People with Substance Use Disorders and Formerly Incarcerated Individuals from Losing Medicaid Coverage: Recommendations on Implementing the H.R. 1 | Legal Action Center

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