July 2026

To: State Medicaid Directors and State Legislative Leaders:

As states prepare to comply with the Medicaid-related requirements of H.R.1 (The One Big Beautiful Bill Act) and subsequent CMS guidance, we write to express concern about the impact of the law on people experiencing homelessness and to suggest policy actions that can reduce coverage losses. More frequent eligibility redeterminations, the requirement to verify addresses, and the community engagement/work requirement are all likely to cause high disenrollment rates among a population that has significant health care needs as well as unique barriers to proving compliance with administrative conditions. States who have expanded access to care through Medicaid 1115 waivers for either supportive housing or medical respite care may be reconsidering support for these services, but it is critical to maintain these added services to reduce the burden on hospitals and increase housing stability and access to ongoing care.

Many people experiencing homelessness were ineligible for Medicaid until the ACA's expansion extended them coverage for the first time. Since 2014, the uninsured rate for this population has declined by 60% in states that opted to expand coverage. During that time, we've seen improved access to comprehensive care, improvements in health outcomes, and lower use of emergency services. Now, H.R. 1's changes in eligibility put that progress at risk, but there are options states can implement moving forward.

To reduce Medicaid churn and coverage losses for people experiencing homelessness, we encourage states to adopt the following actions within the new eligibility and compliance systems:

- **Community Engagement/Work Requirements:**
  - **Require only one month of compliance prior to application or at renewal:** Medicaid applicants are required to demonstrate compliance with work requirements at least one month immediately preceding the application or at renewal time (but states have the option to require up to three months). Requiring only one month of compliance will simplify the process for both state systems and individuals and make it more likely that people can access needed care in a timely manner.
  - **Broadly define "medically frail":** The law allows someone who is "medically frail or otherwise has special medical needs" to be exempted from the work/community engagement requirement, including people with "a substance use disorder," "a disabling mental disorder," and "serious and complex medical conditions." People experiencing homelessness often have significant, chronic health care issues even if they are not actively engaged in treatment (which may not be available to them even if they have attempted to access it).

- **Develop a comprehensive list of conditions:** Release a broad list of conditions, diagnoses, and disorders that will qualify as "medically frail" and develop a simple form that providers and individuals can use to request adding conditions to the list.
- **Broadly define the impairment criteria:** The CMS guidance requires individuals to prove their condition "significantly impairs" their ability to meet the community engagement requirement. Adopt broad, public criteria for evaluating "significantly impairs."

- **Develop a straightforward application and verification process:** Use simple questions and ensure individuals easily understand the enrollment application, including all exemptions, qualifying conditions and circumstances. As the law directs, automate verification while protecting rights to privacy.
- **Maximize list of eligible practitioners:** CMS provided states flexibility to define practitioners who can confirm a person is medically frail. States should include providers beyond medical and treatment settings (consider clinical case managers, peer specialists, community health workers, and other roles).
- **Allow self-attestation:** The law provides states the option to allow for self-attestation. Utilize this to the greatest extent allowable to reduce burden of proof on enrollees and providers (as a backup: create a short, template letter for providers to use).
- **Include all substance use treatment providers:** The law and guidance from CMS allows those participating in "a drug addiction or alcoholic treatment and rehabilitation program" to be exempt from the work/community engagement requirement, as well as individuals with up to 5 years in recovery. Ensure outpatient visits to community health centers/federally qualified health centers and other types of primary care providers, addiction counselors, and/or licensed social workers who also offer behavioral health care are counted as valid exemptions [to include visits for medications for opioid use disorder (MOUD)]. Ensure the exemption includes all substances (both legal and illicit) and do not require minimum hours for "participating in treatment."
- **Add medical respite care to "short-term hardship event" definition:** The law gives states the option to allow a set of one-month exemptions for "short-term hardships" which includes "outpatient care relating to a stay in an inpatient hospital, nursing facility, or other acute care setting." States that have medical respite care services should include this type of care in its definition of short-term hardship event. [Background: medical respite care is acute and post-acute medical care for people experiencing homelessness who are too ill or frail to recover from a physical illness or injury on the streets but who are not ill enough to be in a hospital. More information here.]

➢ **Medicaid 1115 Waivers:**

- **Continue 1115 waivers for supportive housing and medical respite care:** CMS issued new guidance on budget neutrality related to these waivers, yet both types of services reduce hospital/ED utilization, improve health outcomes for vulnerable people, and increase efficiencies across the health care system. States that have these waivers should continue to provide these services to ensure the state retains its key

tools to address homelessness. Use our fact sheet for more information on retaining these vital services.

- **Eligibility Redeterminations:**
  - **Conduct re-determinations no more than every six months:** The law allows redeterminations twice a year to ensure ongoing eligibility. More frequent redeterminations only increase the inefficient churning of otherwise eligible people on the rolls and add to the administrative burdens for both state systems and individuals.
- **Address Verification:**
  - **Include homeless services provider addresses in verification activities:** Starting January 1, 2027, all states must regularly obtain address information for Medicaid enrollees from reliable data sources to prevent multi-state enrollment. People experiencing homelessness are much less likely to have a stable address and instead use a service provider's address (health center, shelter, drop-in center, etc.). Ensure the state has an accurate list of all the service providers' addresses to prevent erroneous disenrollments simply due to unfamiliar or non-traditional addresses.

People experiencing homelessness have unique challenges to accessing health insurance and needed health care services. H.R. 1 will likely reverse the substantial progress made in many states to extend coverage, improve health outcomes, and reduce the costs of uncompensated care for this population of people. As states also look to address the issue of homelessness more broadly, there are policy options that can be adopted to ensure Medicaid remains a key "tool in the toolbox" for reducing homelessness itself while also improving overall care.

Resources:

- **Fact Sheet:** Updated Medicaid Work Reporting Requirements: Summary & Action Steps
- **Policy Brief:** Rationale for Work Requirement Exemption for People Experiencing Homelessness
- **Fact Sheet:** Homelessness and Health: What's the Connection?
- **Fact Sheet:** Homelessness and Medicaid: What's the Connection?
- **Fact Sheet:** Health Insurance and Revenue at HCH Programs, 2024 (with state-by-state insurance information)
- **Fact Sheet:** Impact of Medicaid Work Requirements for Unhoused People

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