

Medicaid Work Requirements Implementation Series

Connecting Medicaid Members to Work: Expanding Access to Evidence-Based Employment Models

New federal [Medicaid work requirements](#) present state agencies with a challenging implementation task. The requirements are likely to result in coverage losses, particularly among Medicaid members with complex health and social needs. Many may not qualify for exemptions yet still face significant barriers to maintaining steady employment or meeting reporting rules. [H.R. 1 mandates that Medicaid members](#) aged 19-64 who are covered through the Affordable Care Act Medicaid expansion or an 1115 demonstration waiver that provides minimum essential coverage must engage in employment, education, a work program, or community service to maintain their Medicaid eligibility.

What Role Can Medicaid Play?

Although workforce programs operate outside Medicaid, new work requirements create an impetus for state Medicaid agencies to connect members with evidence-based employment supports. Medicaid agencies can partner with existing workforce systems in their states — including state workforce agencies, departments of labor, local governments, and other entities that administer programs that connect job seekers with employers. These partnerships can build on existing cross-agency relationships to strengthen referral pathways to employment supports, improve coordination around work requirement exemptions and verification reporting, help reduce the risk of coverage losses, and connect more individuals to programs that support greater financial security.

States can also support greater use of Medicaid-reimbursable supported employment services. Evidence-based models such as [Individual Placement and Support \(IPS\)](#) or the [Clubhouse Model](#) are designed to help people with complex needs find and maintain competitive, integrated jobs in their communities. These programs can be reimbursed through several Medicaid pathways, including the [Medicaid rehabilitation option; home- and community-based services \(HCBS\) authorities](#) such as 1915(i) state plan or 1915(c) waivers; [Section 1115 demonstration waivers](#); and managed care flexibilities like [in-lieu-of services \(ILOS\)](#). While eligibility for these pathways is narrower than for general workforce programs — often limited to [individuals with a diagnosis of serious mental illness or who qualify for HCBS](#) — raising awareness of supported employment options for eligible Medicaid members in the context of work requirements may help increase uptake of an [underused benefit](#). It offers Medicaid agencies a promising approach for helping non-exempt members with complex needs comply with work requirements — potentially reducing the risk of coverage loss while supporting longer-term health and economic stability.

MEDICAID WORK REQUIREMENTS IMPLEMENTATION SERIES

With new federal work requirements for Medicaid eligibility enacted, states have an opportunity to design strategies that mitigate the risk of unintended disenrollment. This series from the Center for Health Care Strategies (CHCS) offers actionable approaches to support implementation that minimizes administrative burden and is informed by the experiences of Medicaid members.

Evidence: Employment Models in Practice

Evidence from workforce programs offers insights for states preparing to implement Medicaid work requirements. Broadly, this evidence can be grouped into two categories: (1) general workforce programs designed for low-income populations; and (2) supported employment models, primarily targeted for people with complex needs, particularly those with disabilities, including mental health disabilities.

General Workforce Programs

While no single workforce program model will suit all Medicaid members subject to new work requirements, evidence from existing employment and training programs for low-income populations can help states identify approaches most likely to improve job attainment and minimize coverage disruptions. Findings from randomized controlled trials and meta-analyses suggest modest but meaningful gains in employment outcomes, particularly through subsidized employment and job training programs. State implementation examples from Temporary Assistance for Needy Families (TANF) offer a window into how federal work requirements have been implemented in other public programs.

Evidence

- **[Testing Two Subsidized Employment Models For TANF Recipients: Final Impacts and Costs of the Los Angeles County Transitional Subsidized Employment Program](#)** - A 2019 randomized controlled trial in **Los Angeles County** evaluated two subsidized employment models for TANF recipients: a Paid Work Experience (PWE) model, which placed participants in fully subsidized public or nonprofit jobs, and an On-the-Job Training (OJT) model, which provided partial wage subsidies to for-profit employers. Both approaches led to increased employment and earnings during the subsidy period, with the PWE model showing greater sustained gains over time. Program costs averaged \$4,700 per participant for PWE and \$2,000 for OJT, driven largely by subsidized wages. The initiative was administered by the county TANF agency and workforce board and funded through federal TANF and demonstration funds from the U.S. Department of Health and Human Services.
- **[Taking a Chance on Workers: Evidence on the Effects and Mechanisms of Subsidized Employment from an RCT](#)** - A 2023 randomized controlled trial of **ReHire Colorado**, a subsidized employment program administered by the Colorado Department of Human Services, found that access to 30 weeks of subsidized work — combined with case management and financial support to address employment barriers, such as transportation and training — increased employment rates by 21 percent and earnings by 30 percent during the subsidy period. The program served low-income adults who had been unemployed for at least four weeks, including individuals experiencing homelessness, veterans, and people with histories of involvement in the criminal legal system.
- **[What Works to Improve Employment and Earnings for People with Low Incomes](#)** - A 2022 meta-analysis synthesizing 191 studies of 144 U.S.-based employment and training interventions for low-income adults found generally modest but statistically significant average improvements in employment (approximately two percentage points) and earnings (approximately \$1,000 annually). The strongest effects came from education and training, work-based learning, and employment services, with specific components like sectoral training, transitional jobs, and soft-skills training linked to higher impacts. Programs that were voluntary and involved private or nonprofit providers also tended to outperform mandatory, publicly run models. High-performing interventions included the **Wisconsin Regional Training Partnership Manufacturing Pathway**.
- **[Demographic Covariates and Vocational Rehabilitation Services as Predictors of Employment Outcomes of People with Physical Disabilities: A Hierarchical Logistic Regression Analysis](#)** - A 2023 national study using data from **Vocational Rehabilitation (VR) programs**, typically overseen by **state VR agencies**, found that services such as workplace support, assistive technology, job placement assistance, and VR counseling were significantly associated with higher rates of competitive integrated employment for people with physical disabilities.

- **Montana HELP-Link Voluntary Workforce Program** - Montana's HELP-Link program offers voluntary, state-funded workforce services to the state's Medicaid expansion population with identified barriers to work. Administered by the Montana Department of Labor and Industry in partnership with the Department of Health and Human Services, HELP-Link provides individualized employment plans, job training, supportive services (e.g., transportation, childcare, work equipment), and referrals to other workforce programs. Between program launch in 2016 and mid-2019, over [4,200 Medicaid members received HELP-Link-funded services](#). Median wage gains for HELP-Link participants after a year were \$10,650, \$1,950 higher than those in other state workforce programs. Since 2020, the program has also offered [Workforce Development Grants](#) of up to \$5,000 per eligible employee to Montana employers who hire Medicaid members, which can be used for permanent wage increases, training, tools and equipment, or employer-sponsored health insurance costs.

Implementation Resources

- **TANF Work Requirements and State Strategies to Fulfill Them** - This 2012 brief outlines how states operationalized updated TANF work requirements, describing strategies such as subsidized and unpaid work placements, work-study programs, and incentive systems for county welfare offices to boost work participation rates.
- **TANF-WIOA Collaboration Series** - A series of briefs, published between 2019 and 2023, outline promising collaboration strategies between TANF and [Workforce Innovation and Opportunity Act \(WIOA\)](#) programs to better serve low-income and vulnerable populations. Drawing on interviews with agencies and partners in 19 locations across nine states, the series highlights practices — such as coordinated case management, collocated services, and performance measure tracking — that could inform Medicaid partnerships with workforce programs.

Supported Employment Programs

Supported employment was originally developed to assist individuals with intellectual and developmental disabilities and is now widely used across populations. The IPS model, in particular, is among the most rigorously studied approaches for helping individuals with complex needs — particularly those with mental health disabilities — achieve competitive employment. Multiple randomized controlled trials and meta-analyses show that IPS significantly improves employment rates for people with serious mental health disabilities, and emerging evidence demonstrates benefits for individuals in recovery from substance use disorders. Supported employment programs, including IPS, have also been adapted for [people experiencing homelessness](#) and [individuals leaving incarceration](#). Beyond employment outcomes, studies highlight secondary benefits, such as reduced psychiatric hospitalizations, fewer months of homelessness or incarceration, and improved quality of life. Implementation resources provide actionable insights for Medicaid agencies seeking to expand access through Medicaid reimbursement pathways.

Evidence

- **Supported Employment as a Mental Health and Employment Intervention for People Recovering from Addiction: A Propensity Score-Matched Retrospective Case Control Study** - A 2025 study found that IPS significantly improved employment and mental health outcomes for individuals in recovery from substance use disorders. IPS participants were nearly twice as likely to achieve competitive employment and reported greater reductions in anxiety and depression symptoms compared to a control group who received outpatient substance use treatment without employment support.
- **Predictors of Employment for Transition-Aged Youth with Co-Occurring Substance Use Disorder and Psychiatric Disorder in the State Vocational Rehabilitation Service-Delivery System** - A 2023 study found that IPS significantly improved competitive employment rates and reduced psychiatric hospitalization among transition-aged Medicaid members with serious mental health disabilities. Drawing on claims and survey data from a randomized evaluation in **New York**, the study found high program satisfaction and fewer months of incarceration or homelessness among IPS participants in the 12 months following enrollment, compared to control groups.

Implementation Resources

- **[Individual Placement and Support \(IPS\) – An Evidence-Based Supported Employment Model Toolkit](#)** - This 2024 SAMHSA toolkit includes over 20 tools and guides — including fidelity scales, training curricula, data monitoring guides, and an annotated bibliography — designed to help program administrators, health care providers, policymakers, and community partners implement IPS programs for people with mental health disabilities.
- **[Implementing Individual Placement and Support in Rural Communities: Barriers and Strategies](#)** - This issue brief, based on interviews with IPS program leaders across 15 states, identifies implementation challenges in rural communities— including limited local provider workforce, limited public transportation and internet access, and fragmented funding — and describes creative local adaptations that have helped facilitate IPS model implementation.

Conclusion

Medicaid work requirements present states with a complex implementation task. Medicaid enrollees — particularly those in the expansion population with complex health and social needs — face potential coverage loss and gaps in care. States can mitigate these risks and facilitate meaningful opportunities for financial stability among Medicaid members by connecting them to workforce supports and increasing uptake of evidence-based employment programs, such as supported employment. By [partnering with Medicaid members](#), community-based organizations, other state agencies, and workforce system partners, state Medicaid agencies can help minimize coverage disruptions and support members' long-term health and economic stability.



ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

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