Center for Health Care Strategies

Lessons in Leadership: Building a Path to Become a State Medicaid Director

By Emily Eelman, Juniper Peak Consulting

Laura Phelan, Illinois Medicaid director, reflects on her path to leadership and offers advice on developing the experience, skills, and relationships needed to prepare for the role.

There's no predictable path into Medicaid leadership — and no playbook for getting there. Medicaid leaders come from all types of backgrounds and follow different paths to their roles. But while the paths vary, the experiences and skills that prepare people to lead a Medicaid program have common threads.

When Laura Phelan was asked to become the Illinois Medicaid director she had already spent nearly two decades working across state and federal government, including over a decade at the Illinois Department of Healthcare and Family Services (HFS), the state Medicaid agency. Her career had included unexpected turns, on-the-job learning, and plenty of experiences that challenged her. Yet, when the opportunity to lead the agency arose, her first reaction wasn't confidence. It was doubt.

Her experience offers a useful lesson for others working toward Medicaid leadership — preparing to lead isn't about knowing everything. It's about building the technical, relational, and organizational skills to understand the whole enterprise, navigate competing constraints, and build trust with those around you.

Leader At-A-Glance



Name: Laura Phelan

Role: Administrator, Division of Medical Programs (Medicaid Director)

State: Illinois

Public Sector Tenure: 19 years

CHCS connection: Medicaid Pathways Program and Medicaid Leadership Institute

ABOUT THE LESSONS IN LEADERSHIP SERIES

Lessons in Leadership shares stories from public sector leaders across the country as they manage the day-to-day, big picture, and unexpected twists and turns along the way. The lessons they share can help support others in similar roles — and remind us all about the importance of giving oneself grace in times of challenge. *Lessons in Leadership* is developed in partnership by CHCS and Juniper Peak Consulting through support from the Robert Wood Johnson Foundation.

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Journey to the Medicaid Director Role

Phelan's career in government began in 2006 at the Illinois Governor's Office as a policy Dunn Fellow, where she obtained an early and formative education in the relationship between policy and finance. The state missed its budget deadline twice, and she spent two consecutive summers at the Capitol working through overtime sessions.

After graduate school, she became a Presidential Management Fellow (PMF) in 2009. Her PMF role was with the federal Department of Health and Human Services budget office, where she spent roughly three years deepening her fiscal fluency, this time with the federal budget for the Centers for Medicare and Medicaid Services (CMS).

In 2012, she returned to Illinois to spend four years helping launch Get Covered Illinois, the state's ACA marketplace, where she got her first real grounding in Medicaid eligibility by virtue of its relationship to marketplace eligibility. She later joined HFS, where she spent nearly a decade working across teams and divisions, from managed care to a policy director role in the director's office.

Looking back, none of these roles was a planned trajectory toward becoming a Medicaid director, but together, they gave her something that would prove essential: experience seeing Medicaid from different vantage points and understanding how its policy, financing, operations, politics, and people fit together.

Making the Decision to Step Up

When Phelan's agency director sat down with her in 2025 — about 10 years into her time with the agency — the director delivered two pieces of news at once. The longtime Medicaid director, someone who had been at HFS for 20 years and in state government for 30, was retiring. And Phelan was being asked to step into the role.

Phelan was shocked, processing both pieces of news simultaneously: the departure of a respected leader and the weight of what was being asked of her. She was given a month to decide. Over that month, the doubts were real and recurring:

- ***"I don't know enough about hospitals. I don't know enough about nursing facilities."*** Medicaid is vast, and Phelan had spent most of her time in managed care and policy, not in the institutional and long-term care spaces, which are complex and a significant share of expenditures. The breadth of what she did not know felt disqualifying.
- ***"There's probably someone else who could do it better."*** The feeling was persistent. Even with nearly 20 years of health policy experience, she questioned whether she was the right person.
- ***"I'm going to say no."*** She cycled through this conclusion multiple times. She says plainly that if her agency director had pressed for a final answer immediately, Phelan would probably have said no. The doubt was too loud.

What eventually moved her was not the disappearance of those doubts. It was a few practical anchors that helped her see past them:

- **She had a breadth of internal and external experience**. Despite gaps in her knowledge, she had worked in HFS medical program teams and in the director's office, giving her a perspective on the agency that someone coming in from the outside would not have.
- **She believed she could make a difference**. Phelan was acutely aware of how strained program staff were, with years of departing staff not being replaced and COVID disruptions leaving bureaus short-staffed and burned out. "I'm comfortable advocating for what the division needs and am committed to doing everything within my influence to help the organization succeed," she reflected.
- **She kept the decision in perspective**. At the end of the day, she reminded herself, she could take the risk, try her best, and "if it doesn't work out, I'll find a different way to serve." That pragmatic assessment freed her to say yes.

Practical Tips for Building Toward Medicaid Leadership

For others navigating their own path into a Medicaid director role, Phelan points to five actions that were most formative in preparing her for increasing leadership responsibilities.

1. Seek Implementation Experience Across the Enterprise

Implementation projects require engagement across the entire Medicaid enterprise, including systems staff, policy teams, fiscal analysts, provider relations, and legal counsel. For Phelan, standing up Illinois's 1915(c) waiver for managed long-term services and supports required coordinating across bureaus and navigating federal requirements. Leading Illinois' 1115 waiver for 12-month postpartum coverage meant building an evidence-based case and persistent federal negotiation. "It required getting into the weeds, but it was also an opportunity to collaborate with multiple areas of Medicaid, all on one project." Now as Medicaid director, she uses her experiences to think globally about how the pieces of a particular challenge fit together.

2. Develop Proficiency in Medicaid Financing

Understanding program financing and fiscal analysis is a key skill. Early in her career working as a Dunn Fellow in the Governor's office and on the CMS budget at the federal Department of Health and Human Services, Phelan learned that the budget is a policy document — it is the representation of the Medicaid program's policy priorities. While working overtime during Illinois budget sessions she realized that brilliant policy ideas without appropriations are "unfunded statutes that won't get implemented." She learned to build flexible financial models linking assumptions across analyses. Today, when working with actuaries and the agency's state budget office, she feels comfortable reviewing and providing feedback on spreadsheets, assumptions, and trade-offs.

3. Learn the Legislative Process

Understanding how bills become law, translating appropriations language, navigating stakeholder dynamics, and briefing legislators and their staff are fundamental skills for Medicaid directors, so any opportunity to work on legislation is worth pursuing.

One of Phelan's most lasting early lessons came from a supervisor in the Governor's Office who had served on Capitol Hill. Her message was direct: "You need to be able to do policy in a political environment." Fluency with the legislative process and its unique dynamics enable Medicaid directors to understand what's possible within a given set of political, legislative, and budgetary constraints, and to be able to be innovative and effective within those constraints.

4. Build Trusted Relationships with Colleagues

Phelan attributes much of her success to how she approached internal relationships within the Medicaid enterprise from the very beginning of her career at HFS. Her advice to emerging leaders: "Be helpful, curious, and open to new learning experiences." She volunteered for special projects that gave her opportunities to learn and meet people across bureaus. "I've now worked with some people for 15 years, and we have a level of trust." While former colleagues may now report to her, she still thinks of the work as a team effort. "I think of them as my colleagues, and we're a team. If we don't work as a team, it's not going to work."

> **I think of [my direct reports] as my colleagues, and we're a team. If we don't work as a team, it's not going to work.**

As her roles have grown, Phelan has leaned into the service aspect of leadership: clearing obstacles and protecting staff capacity rather than directing from above. She models this approach on what she observed during the ACA rollout from a deputy director who shielded his implementation team from distractions. He caught random requests before they reached the team, made quick decisions to unblock work, and got answers back fast so people could keep moving. A key part of success as a leader is enabling the success of the people around you.

5. Invest in a Network Beyond Your Agency

Phelan encourages the people she leads to attend conferences not just for the content but for the connections. Find peers at other state agencies who are working on similar challenges. Identify mentors who can offer perspectives from roles you aspire to. Build relationships with advocates and community organizations so that when hard decisions arise, there is already a foundation of trust.

Phelan's own external network paid dividends when she was deciding whether to take the director role. One factor that made the leap feel less daunting was the cohort of peers she had built through CHCS' *Medicaid Pathways Program*. Several of those colleagues had since become Medicaid directors themselves. She knew them not just as professional contacts but as people she could genuinely call in a moment of uncertainty. "I felt like I could just call them. Worst came to worst, I could text them and say, 'Help!'" She advises emerging leaders to build those relationships now, long before the need for an SOS text. Alongside five other competitively selected Medicaid directors, Phelan is currently a Fellow in the *Medicaid Leadership Institute* (MLI) Class of 2027, a program that helps Medicaid directors strengthen their leadership skills, support high-performing teams, and build the capacity to advance effective Medicaid policy. She wanted to apply to MLI to further develop her and her team's leadership skills — to better support her team and their success and to better equip her to lead organizational change within the HFS division of medical programs and the broader Medicaid program.

Questions for Self-Reflection

Pursuing a Medicaid leadership role isn't a one-time choice. It's a set of considerations that can be revisited throughout a career as experiences and perspectives shift. For Phelan, reflecting on her professional journey and examining whether she was well-suited to the work itself ultimately helped her make the decision. Here are two core questions Phelan recommends people consider as they contemplate leadership positions:

1. **Can You Embrace the Art of the Possible While Staying True to Your Values?** Medicaid leaders are often navigating constraints. That doesn't mean abandoning values, but rather focusing on how to design and implement policies in an environment with shifting priorities, funding, and stakeholders. For Phelan, affordability and access to health care are her consistent North Stars. Rather than feeling defeated by political constraints, she's learned to value incremental progress and focus on moving towards those North Stars at the pace and on a path that her environment allows.
2. **Do You Enjoy the Complexity and Challenge of Medicaid?** "I really love the complexity of health care, thinking through downstream effects and how everything is connected," Phelan explains. "I like being innovative and solving problems." Running a Medicaid program means encountering one new challenge after another; challenges that frequently come with complex dynamics and interactions.

   Phelan knows that the path to Medicaid leadership doesn't require perfection. It requires building technical and relational skills, checking whether the work aligns with your values, and being game to raise your hand.

Key Leadership Takeaways

1. **There is no perfect path to Medicaid leadership.**
   - Every Medicaid director steps into the role with gaps in their knowledge and experience. What matters is knowing where those gaps are and having the relationships and resourcefulness to fill them.
   - There is unlikely to be a moment when you feel fully ready. Readiness is not the absence of doubt; it is deciding the risk is worth it.
2. **There are practical steps to build a strong foundation.**
   - Seek implementation experience across the enterprise.
   - Develop proficiency in Medicaid financing.
   - Learn the legislative process.
   - Build trusted relationships with colleagues.
   - Invest in a network beyond your agency.
3. **As you move forward in your career, consider the following:**
   - Can I embrace the art of the possible while staying true to my values?
   - Does the complexity of Medicaid energize me?
   - Am I ready for continuous fresh challenges?

ABOUT THE NATIONAL MEDICAID LEADERSHIP CENTER

National Medicaid Leadership Center

The Center for Health Care Strategies' *National Medicaid Leadership Center* provides leadership and capacity-building services to help Medicaid and health and human services agency leaders navigate a rapidly evolving health care landscape, drive meaningful change, strengthen programs, and improve care for the communities they serve. Learn more at **www.chcs.org/leadership-center**.