

Overview and Context

H.R. 1: the Reconciliation Bill was signed into law on July 4, 2025, making significant changes to the Medicaid program. One provision of H.R.1 is community engagement requirements for the Medicaid expansion population (i.e., the Medicaid eligibility group that includes adults with incomes below 138% of the Federal Poverty Level).

Starting in 2027,¹ states must verify that individuals complete 80 hours of qualifying activities for at least one month prior to application and again once enrolled for at least one month within every six-month period. The law further specifies that states must exempt certain groups and permits exemptions for those experiencing “short-term hardships.” Alaska will implement H.R.1’s mandatory community engagement requirements which expressly direct states to use an *ex parte* process, relying on reliable information to verify compliance and mandatory exemptions, and avoiding requests for additional information from individuals whenever possible.

In partnership with the Alaska Department of Health (DOH), Manatt Health projected coverage losses in Alaska associated with the implementation of community engagement requirements under H.R.1, based on estimates of:

1. The number of individuals that may be automatically exempted or deemed compliant via existing data sources, and
2. The number of individuals who would be able to manually submit paperwork to demonstrate compliance or exemptions.

The methodology used for this analysis and the results are detailed below.

Methodology

Step 1: Identify Impacted Eligibility Groups

According to Alaska's Resource for Integrated Eligibility Services (ARIES) data provided by DOH, there were **61,169 Medicaid expansion enrollees** ages 19 to 64 in Alaska as of February 2026. In this analysis, these individuals serve as a proxy for those who would be subject to community engagement requirements in 2027, assuming similar enrollment / characteristics of the Medicaid expansion group in February 2026 relative to calendar year 2027.

ARIES data represents data collected by Alaska DOH for Medicaid eligibility and enrollment processing, and is the primary source both for estimating the number of individuals impacted by community engagement requirements and for estimating the number of individuals who could be automatically exempted or deemed compliant (where noted below).

¹ States may also receive a federal waiver allowing them to delay community engagement requirement implementation by up to two years, if they show a good faith effort to come into compliance.

Step 2: Identify Enrollees Who Can Be Automatically Exempted or Deemed Compliant Using Available Data Sources

Of the 61,169 individuals identified in Step 1, Manatt estimated the number of individuals whom DOH could automatically exempt from community engagement requirements, as well as those whom DOH could automatically deem compliant. These estimates represent individuals who would not need to submit new or additional paperwork to remain enrolled in Medicaid. Included in the modeling are the following exemptions, with methodological notes / data sources for each below.

Table 1: Automatic Exemptions/Qualifying Activities Included in Projections

| Automatic Mandatory and Hardship Exemptions/Qualifying Activities | Data Source | Notes |
|---|--|---|
| 1) Living in a federally declared disaster area | June 2025 Federal Disaster Areas; ARIES, February 2026 | The population living in declared disaster areas may change over time as certain disaster declarations expire and others are issued. |
| 2) Living in a county with a high unemployment rate (i.e., at or above the lesser of 8% and 150% of the national unemployment rate ²) | June 2025 Areas of High Unemployment; ARIES, February 2026 | The population living in an area of high unemployment may change over time. |
| 3) American Indian or Alaska Native (AI/AN) | ARIES, February 2026 | Estimate only includes individuals for whom data is available and complete in ARIES. The DOH recognizes that this data is incomplete. |
| 4) Parent, guardian, caretaker relative, or family caregiver of a dependent child age 13 and under | ARIES, February 2026 | N/A |
| 5) Incarcerated or recently released from incarceration within the past 90 days | ARIES, February 2026 | N/A |
| 6) Member of a household receiving SNAP and is subject to SNAP work requirements | Alaska Division of Public Assistance (DPA) | N/A |

² Bureau of Labor Statistics, U.S. Department of Labor, <https://www.bls.gov/news.release/pdf/empsit.pdf>

| | | |
|---|--|---|
| 7) Members who are Medically Frail | Draft Preliminary Frailty Analysis, October 2025 | Alaska has not finalized the definition of medically frail for this purpose. As a proxy, estimates use the Healthy Michigan Plan framework for defining medically frail. Estimates may change based on Alaska's definition of medical frailty and implementation process. |
| 8) Income of at least \$580/month (80 hours/month x federal minimum wage) | ARIES, February 2026 | N/A |

For each of the exemptions and qualifying activities above, Manatt determined the number of individuals, out of the Medicaid expansion group ages 19-64, whom the State could automatically deem exempt from or compliant with community engagement requirements.

Because individuals may qualify for multiple exemptions and to avoid double-counting, Manatt “deduplicated” the total number of individuals identified in each row above to the extent possible. Due to variable data sources, this process results in a **directional estimate** rather than a precise total number of individuals automatically exempted or deemed compliant. Specifically:

- For categories #1-5 and #8 above, data was directly deduplicated via ARIES, allowing for a true de-duplicated total.
- For categories #6-7, we assume individuals with these exemptions would have a similar level of duplication as those eligible for categories #1-5 and #8.

In Step 2, Manatt estimates that **42,267** individuals (69%) out of the **61,169** Medicaid expansion enrollees ages 19 to 64 in February 2026 could be automatically exempted or deemed compliant with existing State data sources.

Step 3: Identify Enrollees Who Will Be Deemed Exempt or Compliant Using Manual Process (e.g., Completion of Requested Paperwork)

Once the individuals identified in Step 2 are **automatically** exempted or deemed compliant, the remaining individuals in the Medicaid expansion group ages 19 to 64 (**18,905** individuals) would need to submit paperwork to **manually** report either compliance with community engagement requirements or qualification for an exemption. Those who do not do so would lose Medicaid coverage.

We used data from other states that have implemented or started to implement community engagement requirements, as well as data from states that have already estimated coverage losses, to inform our estimate of the percent of those subject to manual reporting requirements who would successfully submit paperwork demonstrating compliance or exemptions, and the percent that would lose coverage. This data is in the Appendix. Based on this data, we include two scenarios for consideration:

- **Scenario 1: Moderate Manual Exemptions/Compliance:** The experience in **Arkansas** represents an approximate midpoint of state estimates; in Arkansas, 28% of individuals not automatically exempted from community engagement requirements manually demonstrated compliance or exemption. The remaining 72% lost coverage. In **scenario 1**, we assume that **72%** of the individuals subject to manual reporting (13,611 individuals) would lose coverage.
- **Scenario 2: High Manual Exemptions/Compliance:** Some states anticipate that a higher proportion of these individuals would successfully demonstrate compliance with or exemptions from community engagement requirements. To capture a scenario where Alaska has a higher-than-average rate of manual compliance/exemptions (for example, through a strong outreach campaign to affected individuals), we include **scenario 2** where only **50%** of the individuals subject to manual reporting (9,452 individuals) would lose coverage.

The results of this analysis, across both scenarios above, are shown below.

Results

Table 2. Estimated Alaska Medicaid Enrollees Losing Medicaid Coverage

| Scenario | Total Baseline Medicaid Expansion Enrollment (February 2026) | Projected Medicaid Coverage Loss | |
|--|--|----------------------------------|------------------------------------|
| | | # Enrollees Losing Coverage | % of Medicaid Expansion Enrollment |
| Scenario 1: Moderate Manual Exemptions/Compliance | 61,169 | 13,611 | 22.3% |
| Scenario 2: High Manual Exemptions/Compliance | | 9,452 | 15.5% |

Note:

- Coverage loss projections show enrollees who are projected to lose coverage due to community engagement requirements, out of the 61,169 Medicaid expansion enrollees in February 2026. To the extent enrollment in the Medicaid expansion group changes between February 2026 and community engagement requirements implementation in calendar year 2027, these figures may shift.
- Projections do not address the potential for additional churn or coverage loss associated with the H.R.1 requirement to redetermine Medicaid eligibility every six months.

Appendix:

Modeling the Percentage of Beneficiaries Not Automatically Deemed Exempt/Compliant Who Manually Report Compliance/Exemptions

Source: [SHADAC H.R. 1 State-Specific Estimates Tracker](#), updated July 11, 2025

Table 3. State Experiences with Community Engagement Requirements

| State | Beneficiaries <u>Not Automatically Deemed Exempt or Compliant</u> | Beneficiaries <u>Not Automatically Deemed Exempt or Compliant</u> Who <u>Manually Requested Exemption or Reported Compliance</u> | |
|---|---|--|--------------------|
| | # of Beneficiaries | # of Beneficiaries | % of Beneficiaries |
| Arkansas (June 2018) | 10,304 | 2,840 | 27.5% |
| New Hampshire (June 2019) | 20,279 | 3,642 | 17.9% |

Table 4. State Estimates of H.R. 1 Community Engagement Requirements Impact

| State | Beneficiaries <u>Not Automatically Deemed Exempt or Compliant</u> | Beneficiaries <u>Not Automatically Deemed Exempt or Compliant</u> Who <u>Manually Requested Exemption or Reported Compliance</u> | |
|--|---|--|--------------------|
| | # of Beneficiaries | # of Beneficiaries | % of Beneficiaries |
| Michigan (May 2025 Estimate) | 358,389 | 68,839 | 19.1% |
| New Mexico (March 2025 Estimate) | 110,000 | 46,000 | 41.8% |
| Wisconsin (April 2025 Estimate) | 95,500 | 43,500 | 45.5% |