

Strategic Verification Hierarchy for Medicaid Work Reporting Requirements

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States are working towards establishing a robust data verification process to meet [H.R.1's](#) *ex parte* verification requirements and efficiently determine individuals' compliance with or exemption from Medicaid work reporting requirements. As part of this work, states have begun to assess which data sources are available and where they need to prioritize new data matching sources and processes, information technology (IT) systems enhancements, and updates to their application and renewal processes.

One component of the new IT systems' enhancements is establishing a verification hierarchy that enables states to efficiently identify individuals who can be exempted from or deemed compliant with work reporting requirements by prioritizing the most accessible and reliable data sources. A verification hierarchy is a multi-step, sequential workflow, where each data review is attempted in priority order, moving to the next data source only if the previous one fails to identify compliance or exemption. For example, by establishing a strategic verification hierarchy, states can quickly identify individuals for whom exemptions apply—such as American Indian and Alaska Native (AI/AN) persons—without having to go through the administrative process of assessing that individual for compliance or exemption on another basis. This method of prioritization maintains program integrity while minimizing administrative burden on states' eligibility workforce and IT systems, promoting compliance with application processing timeframe requirements, and reducing the need for individuals to provide additional information or documentation.¹

The toolkit below lays out a potential step-by-step strategic verification hierarchy for identifying compliance with or exemption from work reporting requirements at application. Verification processes will differ at renewal, especially where the duration of exemptions—such as for

¹ To further reduce administrative burden, as part of application and renewal processes, states may wish to encourage enrollees to provide updated information to their applications and/or online accounts as soon as possible to facilitate states' ability to identify exemptions and compliance activities as they implement these new requirements.

parents with children 13 years or younger or disabled veterans—will last longer than six months. In many instances, states will need to build interfaces to new data sources or otherwise modify current information systems to reflect the application of new business rules; the table below notes with asterisks (*) where such systems changes are likely. States should use this toolkit as a jumping off point as they assess their own state-specific eligibility systems' capabilities and available data sources. For a more detailed description of potential data sources for verification, see the State Health and Value Strategies toolkit, "[Medicaid Work Reporting Requirements: Verifying Compliance and Exemptions](#)."

Medicaid Work Reporting Requirements Strategic Verification Hierarchy Table²

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
<i>Step 1: Assess if the Individual Meets an Exemption Based on Eligibility Category Data and Other Eligibility Information.</i>		
1.a. Individuals who can be exempted based exclusively on their eligibility category (also known as the aid code/benefit indicator) ³	<ul style="list-style-type: none"> • Children under age 19 • Parents and other caretaker relatives • Aged/blind/disabled non-Modified Adjusted Gross Income (MAGI) eligibility • Pregnant or receiving Medicaid postpartum coverage • Foster youth or former foster youth under age 26 • Individuals in receipt of Supplemental Security Income • Inmate of a public institution 	<ul style="list-style-type: none"> • Standard Medicaid Verification Processes • Categorical Eligibility

² The terms used in this document are those from the statutory language of H.R.1.

³ Work reporting requirements only apply to expansion adults or states with expansion-like coverage. H.R.1 explicitly exempts eligibility groups that are outside of the expansion eligibility group. As such, these groups are included in this table.

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
1.b. Individuals who can be exempt based on information provided on the application (distinct from eligibility group)	<ul style="list-style-type: none"> AI/AN Parents/guardians/caregivers of a dependent child age 13 and younger Individuals entitled to or enrolled in Medicare Part A and B Veterans with disability rated as total by Veteran’s Affairs 	<ul style="list-style-type: none"> AI/AN: Self-attestation Parents/Guardians/Caregivers of Dependent Child: Standard Medicaid Verification Processes^{4*} Medicare Part A/B: Social Security Administration Disabled veterans: Veteran Service History and Eligibility Application Programming Interface (API)[*]
1.c. Individuals who can be exempted based on their eligibility group with a one-time systems modification	<ul style="list-style-type: none"> Recently released from incarceration within the past 90 days 	<ul style="list-style-type: none"> Recently Released from Incarceration: State Eligibility and Enrollment System^{5*}
Step 2: Assess if the Individual Meets a Hardship Exemption That Can Be Verified Electronically Using Current or New Data Sources.⁶		
2.a. Individuals who meet a short-term hardship exemption	<ul style="list-style-type: none"> Living in a county impacted by a federally declared emergency or disaster Living in a county with a high unemployment rate⁷ 	<ul style="list-style-type: none"> Application of rules in eligibility system based on residency* For unemployment, may leverage Bureau of Labor Statistics – Local Area Unemployment Statistics[*]
Step 3: Identify Individuals Who Meet Exemptions Using New Data Sources or Cross-System Data Sharing.		

⁴ Systems modification: Tagging of parents with children in their MAGI household under age 13.

⁵ Systems modification: State would need to implement new functionality that calculates 90 days from the unsuspension date.

⁶ Hardship exemptions are at state option.

⁷ For more information, see KFF, [“A Look at the Potential Impact of the High Unemployment Hardship Exception to Medicaid Work Requirements.”](#)

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
3.a. Individuals who meet other exemption criteria	<ul style="list-style-type: none"> • Meeting Temporary Assistance for Needy Families work requirements (TANF) • A member of a household receiving Supplemental Nutrition Assistance Program (SNAP)⁸ 	<ul style="list-style-type: none"> • TANF/SNAP Data*
	<ul style="list-style-type: none"> • Parents/guardians/caregivers of a disabled individual 	<ul style="list-style-type: none"> • Disabled children information in state’s Medicaid eligibility systems^{9*} • Medicaid/Children’s Health Insurance Program application tax filing information on individuals claimed as dependents* • Some states have programs through which Medicaid pays caretakers for people enrolled in a home and community-based services (HCBS) waiver. States can leverage this data for exemption verification* • States could also review available information on children who are receiving HCBS and are the dependents of MAGI expansion adults^{10*}

⁸ Exemptions from SNAP’s work reporting requirements do not fully align with those for Medicaid, which means H.R.1 does not automatically exempt from Medicaid work reporting requirements those individuals who are exempt from SNAP’s work reporting requirements. States will need to evaluate their systems’ capability to leverage SNAP information to exempt individuals from Medicaid work reporting requirements, where possible. See [“Comparing Medicaid and Supplemental Nutrition Assistance Program Work Reporting Requirements Exemptions.”](#)

⁹ While states have information on non-MAGI disabled children in MAGI households, the system would need to be adjusted to exempt the parents of those children.

¹⁰ This approach is separate from the paid caregiver approach listed in the bullet above.

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
	<ul style="list-style-type: none"> • Medically frail: <ul style="list-style-type: none"> ○ Has substance-use disorder ○ Has disabling mental disorder ○ Has a significant physical, intellectual, or developmental disability ○ Has a serious or complex medical condition ○ Is disabled/blind • Participating in a drug addiction treatment program • Participating in alcoholic treatment and rehabilitation program 	<ul style="list-style-type: none"> • Information from a state program or specialty Medicaid managed care plan that covers populations that meet medical frailty definition*¹¹ • Medicaid Management Information System data matching with diagnosis/Current Procedural Terminology codes*¹²
	At least half-time enrollment in educational program ¹³	<ul style="list-style-type: none"> • State university school system, or other state/local education enrollment data.*
<p>Step 4: Conduct Data Verification to Identify Compliance with Qualifying Activities Based on Income and/or Hours.</p>		

¹¹ Depending on the number of individuals that fall in this group, a state may wish to move this step to a higher place in the hierarchal review.

¹² It will be more likely that these data will be useful to states at renewal than at application.

¹³ State will need to determine the hours equivalent of the participation in the educational program and combine with other qualifying activities, as needed, to determine half-time enrollment.

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
<p>4.a. Individuals complying with income/work hours qualifying activities</p>	<ul style="list-style-type: none"> • Proposed Order of Verification <ul style="list-style-type: none"> ○ Income of at least \$580/month ○ Average monthly income of at least \$580/month for seasonal worker over six-month period ○ 80 hours of work/month 	<ul style="list-style-type: none"> • Consent-based verification of: <ul style="list-style-type: none"> ○ Traditional W-2 income through connections to payroll providers, employers, or bank accounts* ○ Self-employment income through connection to gig platforms (e.g., SteadyIQ¹⁴) and/or connections to bank accounts* • Quarterly Wage Data¹⁵ • Work Number^{16*} • Other commercial sources of income (e.g., Bank Statement API services)^{17*} • Social Security Administration Beneficiary and Earnings Data Exchange, State Data Exchange • State unemployment data* • State pension data* • State child support data* • Employer payroll reports*

¹⁴ User-permissioned, browser-based income verification solution that includes tax documents (W-2 and 1099s), bank statements, and non-traditional data sources. It may include hours worked if individuals submit pay stubs or connect to a gig work platform. SteadyIQ is used by various states and cities to verify income for public benefit programs, including the Missouri Department of Social Services, Louisiana Workforce Commission, Alabama Workforce Commission, Georgia Department of Human Services, and the Nevada Department of Health and Humans Services.

¹⁵ Government-collected wage records submitted by employers; used for verifying periodic income.

¹⁶ Automated service by Equifax that provides real time employment and income data directly from employers and payroll providers.

¹⁷ Some platforms enable verifiers to check direct deposit activity and regular income inflows via transaction history.

Category	Qualifying Activities/Exemptions as Specified in H.R.1	Data Source for Verification (*Systems Modification Likely Needed)
<i>Step 5: Request Information from the Consumer to Verify Compliance with Qualifying Activities or Receive an Exemption.</i> ¹⁸		
5.a. All other individuals for whom the state is unable to demonstrate compliance with or exemption from work requirements	May vary	N/A

¹⁸ H.R.1 expressly permits states to accept attestations from individuals as to whether they qualify for a mandatory exemption. See section 1902(xx)(3)(A) of the Social Security Act (“(A) Mandatory Exception For Certain Individuals.—The State shall deem an applicable individual to have demonstrated community engagement under paragraph (2) for a month, and may elect to not require an individual to verify information resulting in such deeming,” if the individual, for part or all of a month, was a “specified excluded individual,” under the age of 19, eligible for Medicare or another Medicaid eligibility group, or an inmate of a public institution.) It is unclear how the Centers for Medicare and Medicaid Services will implement this flexibility. As a general matter, under federal regulations, states are able to rely on attested information in an application when determining Medicaid eligibility unless federal law specifically requires a state to verify that information (such as for income, citizenship, or immigration status). See [42 C.F.R. § 435.945\(a\)](#).



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ABOUT MANATT HEALTH

This toolkit was prepared by Kinda Serafi, Patti Boozang, Lisa Sbrana and Judy Arnold. Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 160 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving healthcare policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit <https://www.manatt.com/health>.