

ISSUE BRIEF

OBBBA's Medicaid Work Requirements

What Pharmaceutical Manufacturers and Life Sciences Companies Need to Know About Patient Access and Revenue Risk

October 2026

OVERVIEW

The Budget Reconciliation Act of 2025 (commonly referred to as H.R. 1 or the One Big Beautiful Bill Act [OBBBA])¹ marks the most significant Medicaid policy shift since the Affordable Care Act and a major federal effort to reduce Medicaid spending. For pharmaceutical manufacturers and other life sciences companies, implications extend beyond enrollment loss. A primary concern is how OBBBA-related state and federal decisions affect medication access for over 70 million low-income Americans.

The ultimate impact will be shaped by state and federal decisions regarding renewal timing, verification processes, beneficiary outreach, medically frail exemptions, and other implementation policies. While coverage loss will receive the greatest attention, churn among eligible patients may prove equally disruptive.

Coverage loss and churn each have the potential to interrupt medication adherence, delay therapy initiation, and accelerate product switching. This will affect pharmaceutical manufacturers, patient support programs, market access strategies, and forecasting. While states are working with the Centers for Medicare & Medicaid Services (CMS) toward implementation, the current system is simply not built for what lies ahead.

For pharmaceutical manufacturers, impact will be uneven. Exposure will vary significantly across products, therapeutic areas, patient populations, and states, creating meaningful differences in both access and financial risk. As this policy shift unfolds, pharmaceutical manufacturers and life sciences executives should be prepared to address three questions:

1. How much Medicaid exposure do we have?
2. Which patients are at risk of losing coverage, and which have the potential to remain protected?
3. How should we engage federal regulators, states, providers, advocacy organizations, and other stakeholders?

¹ The Budget Reconciliation Act of 2025 (P.L. 119-21) was originally known as H.R. 1/HR 1 or the One Big Beautiful Bill (OBBBA) and was later renamed as the Working Families Tax Cut Act (WFTC). This brief will refer to it as OBBBA.

QUANTIFYING MEDICAID REVENUE EXPOSURE FOR MANUFACTURERS

The scale of OBBBA's potential impact on fiscal spending is unprecedented. HMA's Congressional Budget Office-derived projection model estimates that, while Medicaid spending will continue to grow annually through 2034, OBBBA will reduce cumulative Medicaid spending by over \$1 trillion between 2025 and 2034. Last summer, the Congressional Budget Office estimated that \$362 billion of reductions are attributable to community engagement requirements alone.

To understand what these aggregate spending reductions mean for manufacturers, HMA analyzed Medicaid pharmacy claims to identify where financial exposure is concentrated. HMA analysis of 100% Medicaid/T-MSIS² claims found approximately \$118.6 billion in gross Medicaid pharmacy spending (before rebates) in 2024, including \$42.4 billion (35.8%) tied to Expansion adults, the population most affected by OBBBA. While the policy's ultimate impact will depend on state implementation decisions, **Figure 1** illustrates the scale of exposure already present within Medicaid.

Figure 1. Quantifying Medicaid Pharmacy Exposure Based on HMA Estimates

~\$118.6B	\$42.4B	35.8%	21%
2024 Medicaid pharmacy spend (excluding rebates)	Newly Eligible Expansion-adult spend	Expansion share	of Expansion-adult pharmacy spend is in top 5 brands

Risk is highly concentrated at the product level. HMA's analysis found that 21% of Expansion-adult pharmacy spending is concentrated in five brands, underscoring that a relatively small number of products account for a disproportionate share of potential Medicaid exposure (see **Figure 2**). Much of this spending is concentrated in therapeutic areas where uninterrupted treatment is essential, including diabetes, behavioral health, HIV, oncology, and autoimmune disease. As a result, even modest increases in coverage loss or administrative churn could disproportionately affect patient access, treatment adherence, and health outcomes.

HMA Value | QUANTIFY

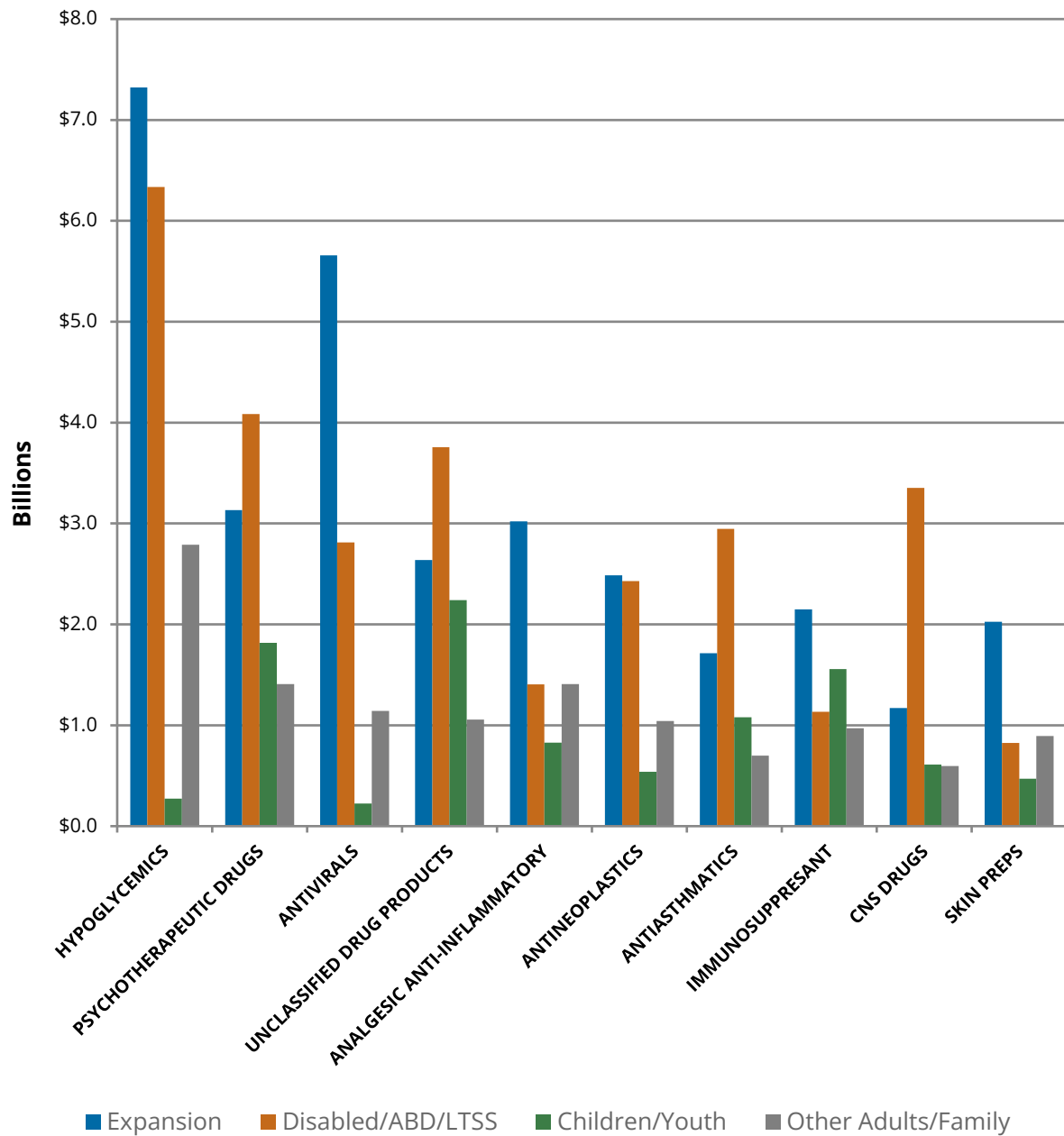
***Measure covered lives, utilization, and financial impact
at the product, therapeutic area, and state levels***

² Transformed Medicaid Statistical Information System, a federal digital system used by the Centers for Medicare & Medicaid Services (CMS) to collect, process, and store enrollment and claims data for Medicaid and the Children's Health Insurance Program (CHIP).

Medicaid Work Requirements

What Pharmaceutical Manufacturers and Life Sciences Companies Need to Know About Patient Access and Revenue Risk

Figure 2. 2024 Therapeutic Category Exposure Varies Materially by Eligibility Pathway



IDENTIFYING MEDICAID PATIENTS WHO MAY REMAIN PROTECTED THROUGH EXEMPTIONS

State implementation decisions will strongly influence the timing and magnitude of Medicaid enrollment declines under OBBBA. While federal requirements establish the framework, states retain discretion over outreach, data sources used for electronic verification, ex parte (automated) eligibility checks, medically frail exemptions, and compliance processes—choices that may affect both coverage loss and administrative churn.

A key question is how states plan to automate their eligibility determinations and reduce the need for manual processes. The COVID-19 public health emergency “unwinding” from 2023–2024 prompted states to reconsider manual redetermination processes and leverage more electronically available data to confirm eligibility without additional input from beneficiaries and state eligibility workers. Some of the key strategies states are using to move implementation forward include:

- 1. Developing medical frailty conditions lists.** States are currently defining which Expansion enrollees qualify as medically frail, a designation critical to preserving patient access. This work requires collaboration with clinicians, providers, actuaries, and other states to compare approaches and build necessary complex infrastructure.
- 2. Allowing beneficiaries to self-attest to medical frailty.** The Interim Final Rule released by CMS in June of 2026 gave states greater flexibility to use self-attestations to verify compliance or exemptions in 2027. Most states plan to adopt self-attestations to facilitate enrollee retention (see **Figure 3**), but some states may choose not to do so. Self-attestation is just one variable that needs to be understood and tracked to assess risk.

Assessing state-level policy and process variation will be critical to understanding enrollment loss, churn, continuity-of-care challenges, and patient access risk. This insight can help manufacturers identify where targeted action is most likely to preserve coverage and continuity of treatment.

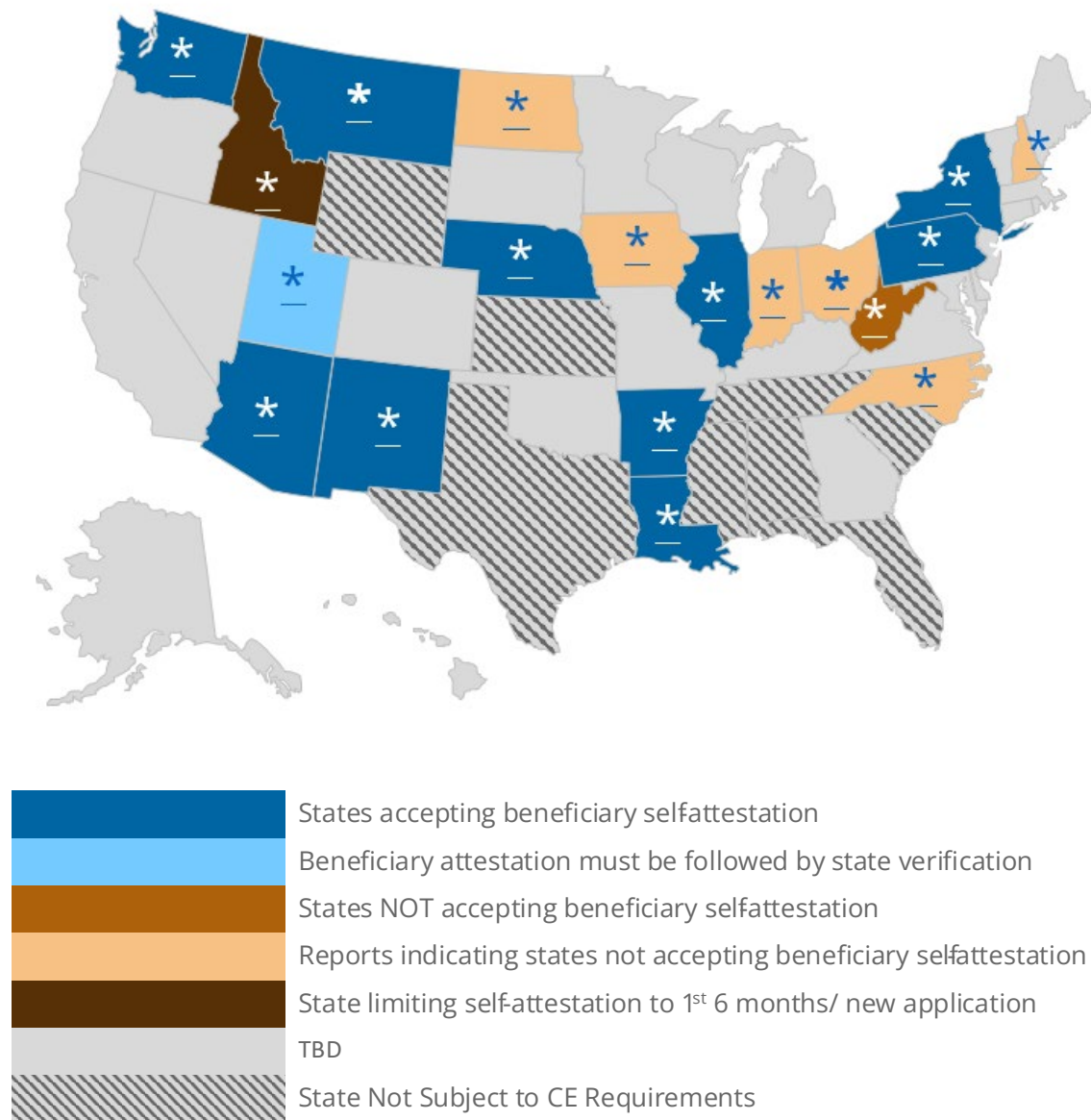
HMA Value | **PROTECT**

Evaluate exemption scenarios, model protected patient populations, and estimate residual exposure under alternative state rules.

Medicaid Work Requirements

What Pharmaceutical Manufacturers and Life Sciences Companies
Need to Know About Patient Access and Revenue Risk

Figure 3. State Differences in Beneficiary Self-Attestation Requirements



Note: "Self-attestation" is not a guarantee to retain coverage. For example, in Illinois if the self-attestation conflicts with state electronic records, the state may still request proof.

USING STATE-LEVEL MEDICAID INTELLIGENCE TO INFORM PHARMACEUTICAL MARKET ACCESS STRATEGY

State implementation decisions are likely to create meaningful variation in coverage outcomes across the country. For pharmaceutical manufacturers, understanding these state-specific scenarios will be critical to identifying where patients face the greatest risk of coverage loss, therapy utilization, and local continuity-of-care disruption. Organizations that develop a clear view of state-specific risks and opportunities will be better positioned to prioritize resources, tailor market strategies, and support patients most vulnerable to coverage disruptions.

Policy intelligence combined with state-, patient-, and product-level forecasting models and analytics can help pharmaceutical manufacturers:

- Prioritize states with the greatest patient access and continuity-of-care risks.
- Identify patient populations and therapies most vulnerable to coverage disruptions.
- Tailor patient support, education, and outreach strategies to state-specific implementation environments.
- Inform engagement with state agencies, MCOs, providers, and patient groups regarding medically frail exemptions, continuity-of-care policies, and other implementation decisions that may affect patient access.
- Assess medically frail diagnostic code lists to identify product- and population-specific codes that inform state engagement and support coverage protections for eligible patients.
- Support continuity of care by identifying and mitigating potential treatment disruptions.

By grounding strategy and stakeholder engagement in objective data and state-specific scenarios, organizations can move beyond broad national projections and focus resources where they are likely to have the greatest impact. This approach enables pharmaceutical manufacturers to anticipate implementation challenges, develop access strategies, strengthen partnerships with frontline organizations, and support patients at increased risk of losing coverage or experiencing interruptions in care and treatment.

HMA Value | ACT

Help clients identify priority states and develop implementation and engagement strategies that sustain continuity of care.

CONCLUSION

OBBBA is more than a Medicaid eligibility change. For pharmaceutical manufacturers and life sciences companies, it is a patient access and treatment continuity challenge. Organizations that act now to understand where exposure is concentrated, which patients are likely to remain protected, and where implementation decisions could drive avoidable churn can better anticipate financial impacts, identify access challenges, and prepare for state-specific implementation. While states will lead implementation, pharmaceutical manufacturers have an opportunity to work alongside providers, health plans, and advocacy organizations to support coverage retention, reduce unnecessary disruptions, and preserve access to therapy for vulnerable patients.

LEARN MORE

To discuss how Medicaid work requirements may affect your products, patients, and market access strategy, contact:

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