

**BUSINESS**

# Trump's latest deal: \$600 million of tech company discounts to help implement Medicaid work requirements

Companies like Deloitte and Accenture see a big business opportunity in Medicaid's new rules



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Ten technology vendors are offering \$600 million worth of discounts to states that pick them to help implement Medicaid work requirements, the Trump administration announced Thursday, signaling how lucrative they think the sweeping change could be.

Mehmet Oz, administrator of the Centers for Medicare and Medicaid Services, at a press conference flanked by his top staff, said that the deals are just one more example of the Trump administration's track record of getting companies to voluntarily make changes instead of having to pass laws. Oz touted previous agreements on drug prices and prior authorizations.

"This administration has been able to use the power to convene quite effectively to get to this endpoint," Oz said. "Obviously we can pass legislation. We can use rulemaking. But across government and industry, we have used the power to convene. ... We're now applying that to federal, state, and industry partnerships around the work requirement."

The national Medicaid work requirement was passed in July as part of Republicans' One Big Beautiful Bill Act. That sprawling package of reforms is projected to reduce federal Medicaid spending by nearly \$1 trillion over a decade, and work requirements are its biggest tool for doing so. States must have their systems up and running by Jan. 1, giving them precious little time to implement what will be massive changes to their systems.

The \$600 million in purported savings is split between the federal and state governments, and Oz's team didn't say precisely how much will go to each one or how much of a discount it represents. The companies that have pledged to make deals with states are Accenture, Acentra Health, Conduent, Cúram by Merative, Deloitte, Gainwell, GDIT, Maximus, Optum, and RedMane.

Joan Alker, head of Georgetown University's Center For Children and Families, said that to her, CMS' announcement shows how eager companies are to corner the market on state work requirements.

"This announcement only underscores to me that these corporations are licking their chops at the business opportunity," Alker said.

Medicaid Director Dan Brillman called the deals "monumental in nature." He said most states estimate that implementing work requirements will cost between \$3 million and \$10 million, and some of the vendors are offering to do it for \$2 million or less.

“Before this, their cost might have been \$6 million to \$7 million or \$8 million,” Brillman said. “Now it’s \$2 million exactly for the actual implementation with no additional costs.”

Brillman’s \$3 million to \$10 million figure likely only refers to the state’s share of the cost of such projects, since the total cost is much higher. The federal government covers 90% of the cost of building out new systems, including work requirements, said Jennifer Tolbert, deputy director of KFF’s Program on Medicaid and the Uninsured.

A Government Accountability Office report from 2019 estimated such costs at up to \$272 million for a single state, and four of the five states evaluated reported administrative costs well above \$10 million. Georgia has the country’s only active work requirement program, and it has cost taxpayers at least \$110 million, more of which has been spent on implementing the program than on health care for beneficiaries.

Matt Salo, a consultant who formerly led the National Association of Medicaid Directors, said companies could easily set up states’ work requirements for \$2 million. But he cautioned that that’s just the technology component, and that the cost of member outreach and education could run higher. Salo also said that even with the \$600 million in discounts, ongoing maintenance costs and updates could be very expensive.

“Something to think about is, are we going to make sure we’re not just playing a shell game of, ‘Yes, we’re going to save \$600 million on procurements,’ but they nudge behind the scenes and say, ‘We’re going to make it all back on the change orders,’” Salo said. “That’s a concern that’s out there.”

KFF’s Tolbert agreed, underscoring that the discounts are welcome, but they won’t eliminate the cost for states. Even if a company licenses the technology for free, states will still need to integrate it into their existing system and customize it to fit their needs.

Ultimately, Salo said he thinks CMS’ announcement is “very important” because it helps Medicaid agencies see a list of vendors that have been vetted and approved. States already have vendors for determining Medicaid eligibility and other tasks, and some may want to try a startup instead of a large incumbent, he said.

Brillman came to his role from a company called Unite Us, where he was the CEO. Unite Us is among the vendors that CMS listed as one that states can hire to help them implement work

requirements. Others include Equifax, Google, TransUnion, and Ernst & Young. Brillman said CMS is also working to quickly get other vendors certified to work with states on Medicaid, including ShareCare, Fleet Health, and CITIZ3N.

CMS' descriptions of each of the 10 vendors offering deals reads like a marketing brochure, beginning with a description of the company and its services, and then bullet points with its specific discounts.

“It’s like you’re at the auto mall and the different car dealers are making their pitch,” Alker said.

Among the offerings, Optum said states can license its “Community Engagement Module” software free of charge. Optum will also offer discounted professional services to help states implement that module through 2028. Optum is a division of UnitedHealth Group, a massive conglomerate that’s also one of the country’s biggest providers of managed Medicaid plans.

Deloitte Consulting is offering states a \$2 million fixed fee to implement the core technology changes necessary to comply with work requirements, plus a \$1 million credit toward future updates. It’s also offering discounts on a platform that helps notify Medicaid recipients of program changes. For its customers, Deloitte said it won’t charge extra to integrate Medicaid eligibility systems with those for food benefits.

The state of Georgia hired Deloitte to administer software for its work requirement program, which launched in July 2023. By the end of 2024, enrollment was just 25% of the state’s projections, despite Georgia having paid Deloitte at least \$51 million, ProPublica reported. Grant Thomas, a senior adviser at CMS who spoke at Thursday’s event, previously helped set up Georgia’s work requirement program.

Accenture said it’s offering discounted rates on professional services to help with implementation. States that use Accenture will get its technology solution free of charge.

Roughly 5 million people are expected to lose Medicaid coverage by 2034 under the federal work requirement, mostly because they don’t meet the paperwork requirements. Alker cautioned that if states try to implement the rules in the least expensive way possible, more people will lose coverage.

CMS has also developed an open source tool called EMMY that's designed to make eligibility determinations easier for states, said Amy Gleason, acting administrator of the U.S. DOGE Service, who's been working closely with Oz and stood next to him during Thursday's event.

"We're confident as we start to modernize Medicaid that they'll be ready to meet these deadlines, and we're here with them every step of the way," Gleason said.

The EMMY tool allows Medicaid members to transfer data directly from their employer's payroll provider, like ADP, and send the data to their state, Gleason said. She said in tests over the summer, 80% of Medicaid members who tried the tool were able to verify their information in less than 5 minutes.