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Why tech companies offered states free Medicaid work rule support

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Key Takeaways

- The Centers for Medicare and Medicaid Services made agreements with consulting firms and technology companies to assist states with Medicaid work requirements.

- States can obtain technology platforms, digital tools and professional services at discounted federal rates. CMS plans to add more companies.
- These offers may generate additional business for the vendors including Optum and Maximus.
- States need much more to be prepared to enforce Medicaid requirements starting next year.

With Medicaid work requirements less than a year away, the Centers for Medicare and Medicaid Services made states an offer last week.

The agency assembled a roster of consulting firms and technology companies available to assist states with the arduous and complicated process of creating the systems needed to implement work requirements and other policies from President Donald Trump's tax law.

According to CMS, federal contractors such as UnitedHealth Group subsidiary Optum, Deloitte and Maximus will offer some products and services at a discount or at no cost.

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States have until next January to build Medicaid work requirements verification systems that carry out the policy, which conditions Medicaid benefits on at least 80 hours of work, volunteering, full-time schooling or other eligible activities per month.

Here's what this CMS initiative will and won't do for states, and for the contractors.

What did CMS do?

CMS secured agreements with big consulting firms and health tech companies to offer services to states at reduced costs through 2028.

CMS and the General Services Administration, or GSA, are fast-tracking companies through the process of obtaining a GSA schedule, which is a long-term, government-wide contract.

Why does CMS say this is a big deal?

CMS says states and the federal government will save \$600 million by working with these contractors but did not specify how it calculated that figure or how much of the

savings would accrue to states.

The expedited GSA approval process will help states procure technology tools more quickly, CMS Administrator Dr. Mehmet Oz said at a news conference Thursday.

What companies are involved?

Accenture, Acentra Health, Conduent, Cúram by Merative, Deloitte, Gainwell, GDIT, Maximus, Optum, and RedMane are the first to offer discounted services. Some are on the GSA schedule and others are not.

CMS and the GSA are fast-tracking the scheduling process for a number of companies such as Optum, ID.me, GetInsured and ShareCare, which [Oz co-founded](#) in 2010.

CMS also provided a list of companies that have not pledged free services but are GSA-scheduled, including Google, Equifax, Ernst & Young, and Unite Us, which Center for Medicaid and Children's Health Insurance Program Services Director Dan Brillman co-founded in 2013.

What are these companies offering?

The companies provide technology platforms, professional services, and compliance and performance monitoring tools.

Why would CMS make these agreements?

Political urgency and a tight implementation timeline give CMS a strong incentive to help states, said Matt Salo, CEO of Salo Health Strategies and former executive director of the National Association of Medicaid Directors.

Assembling a roster of companies could save states the time and expense of finding new vendors or working out deals with existing ones on poor terms, Salo said.

“When your incumbent vendor knows they’ve got you over a barrel, then they can make those timelines and those budgets just explode to their benefit,” Salo said. “People were rightly concerned about all that.”

What are the downsides?

Whatever its benefits to states, this doesn't alleviate the high costs states will incur to come into compliance, said Jennifer Tolbert, deputy director of the Program on Medicaid and the Uninsured at the health policy research institution KFF.

For example, Georgia has spent nearly \$87 million since 2021 on its Pathways to Coverage program, according to the Government Accountability Office, a nonpartisan congressional investigative agency.

States are also contending with a dearth of formal guidance from CMS, Tolbert said. Right now, it's unclear whether the proffered technology solutions will work at all, let alone adhere to future CMS directives, she said.

The federal government will probably save more money than the states because of how Medicaid costs are shared, said Jen Wagner, director of Medicaid eligibility and enrollment at the left-leaning Center on Budget and Policy Priorities.

And many products and services on offer likely won't be useful without other products and services states will have to buy from these or other vendors, Wagner said. This arrangement positions these companies to generate more business, she said.

"I don't doubt that the vendors will still make money off of these programs," Wagner said.

Why would companies participate?

Being on the GSA schedule opens the door to more contracts, an ID.me spokesperson said. UniteUs and GetInsured spokespeople said this initiative helps them promote long-term relationships with government agencies.

These companies recognize that this is the future of the Medicaid program and they need to get on board to sustain their businesses, Salo said. "If you can't do that, if you aren't willing to be part of the solution, then you're going to get consigned to the dustbin of history," he said.

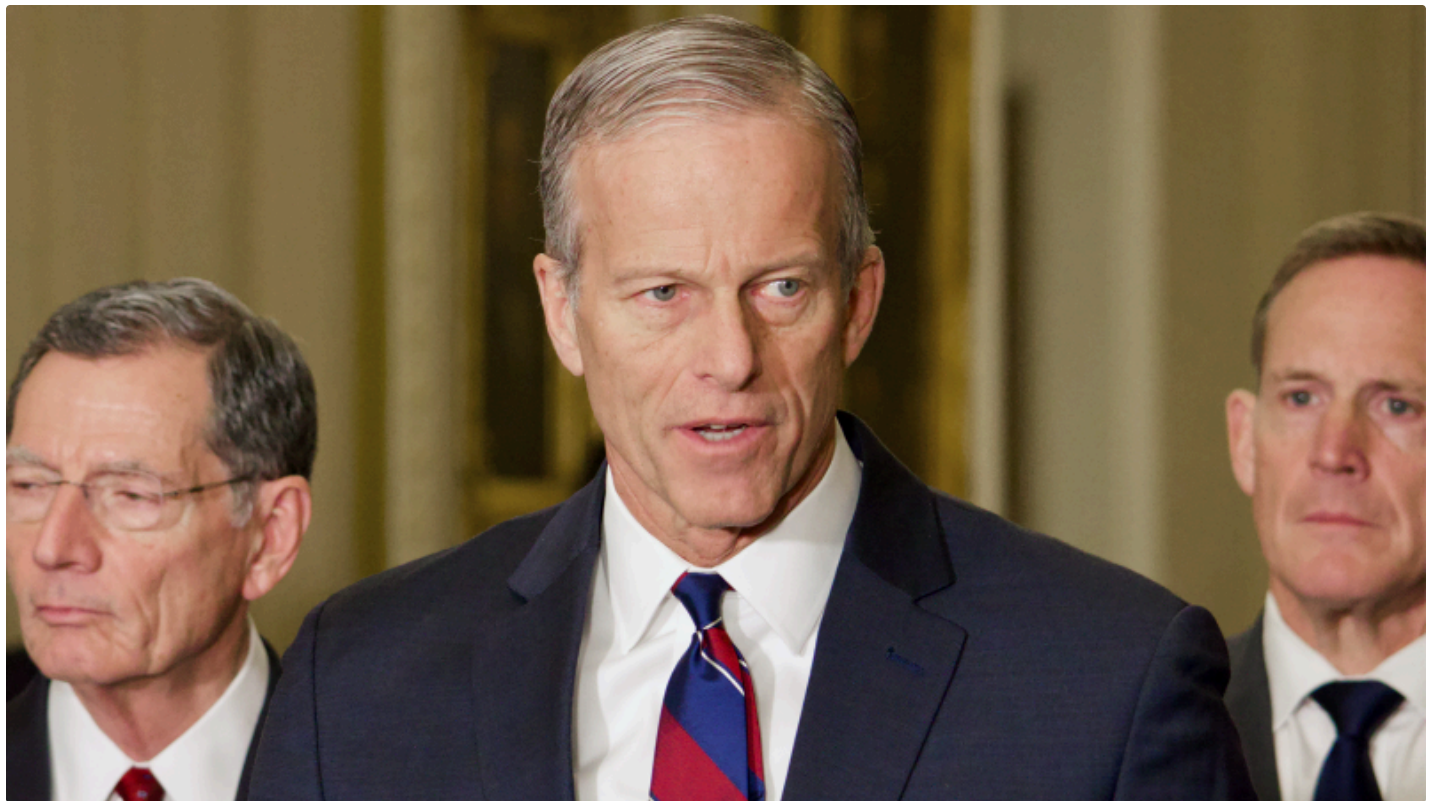


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