



Navigating H.R. 1 Medicaid and SNAP impacts

A holistic approach



Following the passage of H.R. 1 in July 2025, states face significant new operational and financial challenges across health and human services programs. The most immediate impacts have been felt in the Supplemental Nutrition Assistance Program (SNAP), and implementation of Medicaid community engagement requirements is now actively underway as states prepare for implementation deadlines in 2027. Together, these demands reinforce the need for a holistic, coordinated approach across programs. Thoughtful planning now—including alignment of systems, processes, and cost allocation strategies—will be critical to navigating evolving requirements while sustaining effective service delivery.

SNAP pressures and emerging risks

For SNAP, H.R. 1 introduces the risk of future financial penalties through cost-sharing requirements effective in fiscal year 2027, prompting states to focus on improving payment accuracy and strengthening quality control processes. During the first months of the fiscal year, states were required to implement several new provisions, including changes to Able-Bodied Adults Without Dependents (ABAWD) policy, citizenship eligibility, and changes to how recipients qualify for utility deductions. Operational pressures intensified further with the November SNAP shutdown, which disrupted services and strained already limited state resources.



As 2026 progresses, attention is also shifting toward Medicaid community engagement requirements. In early December 2025, the Centers for Medicare & Medicaid Services (CMS) issued the first draft guidance for compliance with the new requirements prescribed in H.R. 1. This guidance is an initial look at who will be subject to the requirements and what types of activities may satisfy the requirements.

State program administrators will need to take a holistic view of human services programs as they navigate H.R. 1 requirements. Along with implementation of Medicaid changes by January 2027, states must continue to monitor the changes they have made or are planning to make to reduce SNAP payment error rates while also preparing for a 25 percent increase to SNAP administrative costs that starts in October 2026. Planning now can help ensure cost sharing opportunities are maximized.

Medicaid community engagement requirements

New compliance burdens

The community engagement requirements take effect January 1, 2027, though states may opt to implement these requirements sooner. Applicable individuals, primarily those enrolled under the Affordable Care Act expansion or certain waivers, must demonstrate engagement in employment, education, or volunteer service.

States face several major implementation challenges:



Identifying and tracking applicable individuals



Verifying compliance at application and renewal



Managing exclusions and exceptions (e.g., for medically frail individuals)



Developing reliable information systems for compliance monitoring



CMS emphasizes the potential for community engagement to empower beneficiaries, but the operational realities are complex. States must build new systems or augment current systems, retrain staff, and coordinate with workforce and education agencies. Noncompliance procedures must be clear, fair, and consistently applied. Those being denied eligibility or losing coverage must be notified and given an opportunity to cure deficiencies.



Policy and operational uncertainty

The December guidance is the first step in a series of expected rulemakings and technical assistance. Regulations are anticipated in June 2026 as prescribed in H.R. 1. States must prepare for ongoing changes and uncertainty, leaving them to “build the plane while flying it.” Transparent communication and stakeholder engagement will be essential. To prepare for the Medicaid changes, states should:



Establish cross-agency task forces to coordinate implementation



Invest in data systems capable of tracking engagement activities and compliance



Engage stakeholders early to identify barriers and solutions



Monitor federal guidance and participate in CMS technical assistance opportunities.

Cost allocation and cross-program alignment opportunities

Implementation of community engagement requirements creates an opportunity to examine operational alignment across programs and how cost allocation strategies may be able to help mitigate some costs.

For example, new notices will be required for community engagement implementation. Perhaps now is the time to consider SNAP waivers allowing text notification that electronic notices are available. States that do not share SNAP and Medicaid eligibility workers or systems can look to augment the current tracking systems of work and work-related activities already collected by SNAP while also creating the systems to communicate participation for the Medicaid agency and allocate costs accordingly. To reduce the number of mailings and potentially reduce caseload churn, states can apply for waivers to shorten certification periods in SNAP to allow for alignment with Medicaid cases, providing one renewal and interim reporting period and creating a “one touch” strategy to managing cases.

States should also review SNAP waivers and options, as well as policy alignment, to reduce the costs of complicated system logic to manage differing rules for each program. While the programs will never perfectly align, reducing unnecessary inconsistencies and identifying opportunities to request a waiver to improve efficiency can reduce worker time and confusion while also creating long-term cost savings.

To reduce the impact of administrative cost increases in SNAP, states should:



Conduct a comprehensive review of cost drivers and identify areas for efficiency gains



Invest in technology to automate eligibility checks and reduce manual processing



Explore shared services models across agencies to leverage economies of scale



Determine whether there is federal flexibility in cost allocation methodologies, especially for states with high caseloads or unique challenges

Conclusion

The coming year will test the resilience and adaptability of state Medicaid and SNAP agencies. The cost shifts and new compliance requirements introduced by H.R. 1 and CMS guidance demand deliberate planning, operational innovation, and robust stakeholder engagement. States that take a strategic, cross-program approach and proactively consider cost allocation will be best positioned to navigate these changes while continuing to serve vulnerable populations effectively.

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