



Josh Kaul
Wisconsin Attorney General

P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

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**Wisconsin DOJ Joins Lawsuit Challenging Trump Administration’s
Unlawful Implementation of Medicaid Work Requirements for Medically
Frail Individuals**

MADISON, Wis. – The Wisconsin Department of Justice (DOJ) Monday joined a multistate coalition in suing the Trump administration over its unlawful implementation of new Medicaid work requirements included in the One Big Beautiful Bill Act. Specifically, the lawsuit challenges provisions of an interim final rule published by the U.S. Department of Health and Human Services (HHS) and Centers for Medicare & Medicaid Services (CMS) on June 3, 2026. The rule makes it more difficult for individuals with serious medical problems to be exempted from the requirement that they must work to keep Medicaid coverage. Medicaid is the nation’s healthcare program for low-income Americans and is jointly funded by states and the federal government. Wisconsin Medicaid receives federal funding that covers an average of 60% of expenditures on most eligible enrollees.

“The Trump administration is lawlessly trying to restrict access to Medicaid coverage,” said AG Kaul. “No Wisconsinite should be denied coverage because of this unlawful interim final rule.”

Congress created exemptions from Medicaid’s work requirements to ensure that people with serious illnesses and disabilities do not lose coverage or face interruptions in care. Despite months of working with states on implementation, CMS surprised states with the interim final rule, “Community Engagement Requirement for Certain Individuals,” which adopted a more stringent interpretation of the key term, “medically frail,” making it harder for medically vulnerable individuals to be excused from the work requirements.

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The work requirement provision applies beginning January 1, 2027, but states must notify Medicaid recipients about these changes by August 31, 2026, and need significant lead time to prepare for implementation. As a result, the coalition is seeking to block the interim final rule's illegal provisions. States had already made substantial investments in reliance on the plain language of the One Big Beautiful Bill Act and CMS's prior guidance and now face the risk of financial penalties for noncompliance with the interim final rule.

The interim final rule makes other changes that increase administrative burdens and create unnecessary red tape for Medicaid beneficiaries. The changes put eligible people at risk of losing their health coverage—including those who are already working or qualify for an exemption. Past Medicaid work requirement programs have shown that added requirements like the interim final rule's place strain on state Medicaid programs, safety net providers, and emergency rooms, while increasing costs as more medically frail residents become uninsured.

States have many concerns about the interim final rule's last-minute changes. In Wisconsin, for instance, it will be difficult for the Wisconsin Department of Health Services to quickly implement the interim final rule's unexpected provisions. Further, eligible Medicaid beneficiaries enrolled in Wisconsin's largest Medicaid program, BadgerCare Plus, will likely face increased denials and disenrollments. BadgerCare Plus covers approximately 800,000 members.

In Monday's lawsuit, the coalition alleges that the interim final rule:

- Unlawfully narrows Congress's protections for medically frail Medicaid recipients.
- Violates the Administrative Procedure Act by disregarding substantial evidence that work reporting requirements cause eligible individuals to lose healthcare coverage because of administrative barriers rather than their failure to work.
- Fails to adequately consider the significant harms that will be imposed on states, Medicaid beneficiaries, healthcare providers, and state healthcare systems.
- Unconstitutionally harms states by imposing new compliance requirements after states had already begun implementing the One Big Beautiful Bill Act based on the statute's plain language and CMS's prior guidance.

Joining Wisconsin DOJ in filing this lawsuit are the attorneys general of Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Maine, Massachusetts, Maryland, Michigan, Minnesota, Nevada, New Jersey, New

Mexico, New York, North Carolina, Oregon, Rhode Island, Vermont, Virginia, and Washington, as well as the governors of Kentucky and Pennsylvania.