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The Employer Segmentation Challenge
How Different Business Types Navigate Work Requirement Support

Large corporations, mid-sized firms, self-insured employers, small businesses, Taft-Hartley plans, and public sector organizations face fundamentally different opportunities and constraints in supporting expansion adult employees

Work requirements affecting 18.5 million expansion adults create verification responsibilities for millions of employers. But "employers" is not a monolithic category. A Fortune 500 retailer with sophisticated HR systems, a mid-sized manufacturer with 500 employees, a self-insured healthcare system, a family restaurant with fifteen employees, a construction union with Taft-Hartley health benefits, and a county government face entirely different operational realities.

Each employer segment has distinct characteristics shaping their capacity to support employees, resources available for investment, regulatory constraints affecting options, workforce composition determining urgency, and strategic incentives driving decisions. Understanding these differences is essential for designing policies that work across the employer landscape rather than assuming one-size-fits-all solutions.

Large Employers: Scale Enabling Sophisticated Infrastructure

Defining Characteristics

Large employers (typically 5,000+ employees) have dedicated HR departments, sophisticated IT systems, established vendor relationships, internal legal counsel, multi-state operations, and resources for infrastructure investment. They employ significant numbers of expansion adults in entry-level and frontline positions - retail floor workers, warehouse staff, call center representatives, food service workers, and housekeeping personnel.

Unique Advantages

Scale creates advantages smaller employers cannot replicate. Technology investments spread across thousands of employees become cost-effective. One FTE dedicated to work requirement coordination serves hundreds of affected employees. API development costs justified by automation serving large populations. Partnership negotiations with states, CBOs, and SDOH platforms feasible given volume. Data analytics revealing patterns improving support strategies.

Large employers can build comprehensive verification infrastructure. Payroll system API integration automatically reporting hours to state Medicaid systems for consenting employees. Dedicated benefits navigation teams helping employees maintain eligibility across all programs. Weekly tracking dashboards alerting managers when employees approach compliance thresholds. SDOH platform partnerships connecting employees to community resources. Peer navigator programs trained across multiple facilities, shifts, and languages.

Strategic Considerations

For large employers, work requirement support becomes competitive advantage in tight labor markets for frontline workers. Retail chains, hospitality companies, warehousing operations, and food service businesses competing for the same labor pools can differentiate through comprehensive support programs. Investment in employee stability yields returns through reduced turnover in high-churn industries where recruitment and training costs are substantial.

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Brand reputation matters for large employers. Consumer-facing companies, healthcare systems, and public corporations face stakeholder expectations about employee treatment. Comprehensive work requirement support aligns with corporate social responsibility commitments and ESG priorities. Being seen as employer abandoning workers to navigate complex requirements alone creates reputational risk.

Implementation Approach

Large employers should prioritize payroll API integration with state systems, eliminating manual verification burden. Partner with SDOH platforms providing comprehensive resource access at scale. Develop peer navigator programs leveraging existing employee networks. Create dedicated teams managing work requirement coordination as distinct function. Invest in technology platforms integrating compliance tracking, resource connection, and outcome measurement.

Walmart, with 1.6 million US employees and potentially 300,000+ on Medicaid expansion, could build industry-leading infrastructure becoming template for retail sector. One-time technology investment of $5-8M plus $200K annually per major market for navigation teams could reduce turnover costs by $50M+ annually while supporting workforce stability.

Medium-Sized Employers: Coalition Strategies and Shared Infrastructure

Defining Characteristics

Medium employers (500-5,000 employees) have HR departments but limited specialists, some IT infrastructure but vendor-dependent, regional or single-state operations, and constrained resources compared to large corporations. They employ expansion adults but numbers may not justify enterprise solutions built for large scale.

Unique Challenges

Medium employers face "in-between" dilemma. Too large for simple solutions working for small businesses. Too small for enterprise investments justifiable at large scale. Cannot build custom technology. Cannot dedicate multiple FTEs to work requirement coordination. Cannot negotiate individual contracts with SDOH platforms at favorable rates. But also cannot rely on industry associations providing support to tiny businesses.

The workforce composition varies dramatically. A regional hospital system has hundreds of expansion adults in environmental services, food service, patient transport. A mid-sized manufacturing company might have fifty expansion adults among 800 employees. A professional services firm with 1,000 employees might have twenty expansion adults in support roles. The urgency and investment justification differ enormously.

Coalition and Partnership Opportunities

Medium employers should pursue shared infrastructure strategies. Ten regional hospital systems could jointly contract for SDOH platform services, spreading costs while each gaining comprehensive access. Twenty manufacturing companies in an industrial corridor could pool resources for shared peer navigator program serving all participating employers. Industry associations representing medium employers could negotiate master contracts for technology platforms, training programs, and community partnerships.

State Medicaid agencies could facilitate medium employer coalitions by creating preferred partner programs, providing matching funds for collaborative initiatives, establishing shared service centers, and recognizing coalition participants with streamlined verification processes.

Implementation Approach

Medium employers should identify coalition partners - peer companies in same industry, geographic region, or labor market. Contract collectively for SDOH platform access. Develop shared peer navigator pools serving multiple employers. Invest in mid-tier technology solutions designed for regional deployments rather than enterprise scale. Leverage industry association resources for training, templates, and best practices.

A coalition of fifteen regional healthcare systems in the Midwest, collectively employing 120,000 with approximately 25,000 on expansion Medicaid, could invest $8M collectively ($535K each) for shared SDOH platform, regional navigator network, and integrated technology. Per-employer investment manageable while creating comprehensive infrastructure impossible individually.

Self-Insured Employers: Direct Incentives and Integration Opportunities

Defining Characteristics

Self-insured employers (typically 1,000+ employees) assume direct financial risk for employee healthcare rather than purchasing insurance. They have stronger financial incentives for employee health, direct relationships with third-party administrators, sophisticated healthcare data, and ability to design creative benefit structures.

Unique Advantages

Self-insured employers have direct financial stakes in preventing coverage loss among expansion adult employees. When someone loses Medicaid and delays care, resulting emergency department visits and hospitalizations may occur after they've obtained marketplace coverage or become uninsured - but health consequences affect productivity and future healthcare costs regardless of coverage source. Preventing coverage disruption serves self-insured employers' direct financial interests.

Healthcare data visibility enables proactive support. Self-insured employers see healthcare utilization patterns indicating coverage disruption risk. Increased emergency department usage, medication non-adherence, missed preventive visits, or chronic disease complications suggest coverage instability. This enables targeted outreach before formal coverage loss occurs.

Integration opportunities exist between work requirement support and existing health management programs. Self-insured employers already invest in care coordination, disease management, and wellness initiatives. Expanding these programs to include work requirement navigation creates synergies. The care coordinator helping someone manage diabetes can simultaneously help maintain Medicaid eligibility preventing medication interruption.

Strategic Considerations

Self-insured employers should view work requirement support as healthcare cost management strategy, not just HR compliance. Coverage disruption prevention reduces emergency utilization, improves chronic disease outcomes, maintains medication adherence, prevents health deterioration, and reduces future healthcare costs. These benefits accrue directly to self-insured employer bottom lines.

Individual Coverage HRA strategies particularly suit self-insured employers. Someone losing Medicaid despite support efforts could transition to employer-subsidized marketplace coverage through ICHRA structure. Self-insured employer continues healthcare relationship through different coverage mechanism, maintaining care continuity and data visibility. This prevents complete coverage gaps that generate emergency costs and health deterioration.

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Implementation Approach

Self-insured employers should integrate work requirement support into existing care coordination infrastructure. Train care coordinators on Medicaid eligibility and work requirements. Use healthcare utilization data for proactive intervention. Develop ICHRA structures for coverage transitions. Partner with SDOH platforms connecting employees to resources addressing barriers. Treat coverage stability as population health priority with measurable ROI.

A self-insured healthcare system with 12,000 employees and 2,400 on expansion Medicaid could integrate work requirement support into existing care coordination at incremental cost of $1.8M annually. Expected savings: $3.2M from reduced emergency utilization plus $2.1M from reduced turnover, yielding $3.5M net benefit while supporting workforce stability.

Small Employers: Simplicity Requirements and Association Support

Defining Characteristics

Small employers (under 500 employees, particularly under 100) lack dedicated HR departments, use basic payroll systems, operate on thin margins, and have limited administrative capacity. They often have closer employee relationships, more flexibility in individual accommodations, but face severe resource constraints for infrastructure investment.

Unique Challenges

Small employers face brutal burden-to-capacity ratios. A restaurant owner with fifteen employees might have four on expansion Medicaid requiring verification. That's 96 verifications annually if monthly, 48 if semi-annual. At fifteen minutes each for custom letters, that's 24 hours annually for monthly reporting - three full workdays for business owner juggling operations, customer service, inventory, staffing, and compliance across multiple domains.

Technology infrastructure doesn't exist. Small employers use basic payroll services like Gusto or Square, often lacking sophisticated API capabilities. Many track hours on paper or simple spreadsheets. Creating digital integration with state systems isn't feasible. Hiring dedicated staff for work requirement coordination is impossible. Employers are themselves working full-time in businesses.

But small employers often have closer employee relationships enabling informal support. Restaurant owner knows which employee needs childcare to work more hours. Construction contractor understands seasonal patterns affecting workers' ability to meet requirements. Retail shop owner can provide flexible scheduling enabling verification appointments. Personal relationships enable tailored accommodation impossible in large bureaucratic organizations.

What Small Employers Need

Small employers need dead-simple verification processes. Standard template letters requiring fill-in-the-blank: employee name, hours worked, pay period, signature. Two-minute process rather than fifteen. Digital submission allowing employees to photograph completed letters and submit via state portal rather than employers mailing to state. Safe harbor protections preventing liability when employers accurately report hours in good faith.

Industry associations become essential infrastructure for small employers. State restaurant associations, local chambers, trade groups could provide template libraries, compliance training, verification clinics where employers bring questions, and hotlines for troubleshooting. Associations spreading development costs across thousands of members make sophisticated support accessible to individual small businesses.

Payroll service integration offers scalable solution. Gusto, ADP, Paychex, Square, and similar services used by millions of small businesses could add work requirement verification as optional feature. Employer authorizes feature for consenting employees. System automatically generates and submits verification. Small employer burden reduced to authorization rather than ongoing administration.

Implementation Approach

Small employers should adopt template-based verification processes minimizing time investment. Utilize industry association resources for training and support. Advocate for payroll service integration enabling automation. Focus on accurate hour reporting rather than attempting comprehensive employee support beyond their capacity. Connect employees to community organizations providing navigation services small employers cannot offer.

States must design systems accommodating small business reality. Complex processes requiring sophisticated HR systems guarantee small employer failure. Simple, standardized, largely automated verification processes enable participation. Without this, millions of small business employees face coverage loss despite working required hours because their employers lack capacity for complex documentation.

Taft-Hartley Multi-Employer Plans: Union Administration and Industry Standards

Defining Characteristics

Taft-Hartley plans (Section 302(c) of Labor-Management Relations Act) are jointly managed health and welfare funds covering workers from multiple union employers. Common in construction, transportation, hospitality, entertainment, and other industries with mobile workforces moving between employers. Unique governance structure with equal union and employer representation on boards of trustees.

Unique Opportunities

Taft-Hartley plans have centralized administration serving dispersed workforces. Single entity manages benefits for members working across dozens or hundreds of employers. This enables coordinated work requirement support impossible in traditional employer-sponsored insurance where each employer operates independently.

Plans can develop industry-specific verification processes accommodating sector realities. Construction Taft-Hartley plans understand seasonal employment patterns, project-based work, and multi-employer career progression. Hotel and restaurant plans understand split shifts, variable hours, and seasonal tourism patterns. Entertainment plans understand gig work, project-based employment, and irregular income.

Union halls and hiring halls become natural touchpoints for work requirement support. Members already visit union facilities for dispatch, training, and member services. Integrating work requirement navigation into existing union services provides accessible support without creating new infrastructure. Business agents and member service representatives can be trained as work requirement navigators.

Strategic Considerations

Taft-Hartley plans have member advocacy as core mission. Supporting members in maintaining Medicaid eligibility aligns with union representation responsibilities. Coverage loss affecting union members' health and family stability is union concern even when employers are diverse small contractors.

Industry standardization becomes possible through Taft-Hartley structures. Multi-employer plan can establish verification processes that participating employers agree to follow. Construction plan serving 250 contractors develops single verification protocol all contractors implement. Individual small contractors gain

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simple standardized process. Workers moving between contractors maintain consistency in verification procedures.

Cross-employer hour tracking enables compliance in industries where workers have multiple part-time positions. Someone working 40 hours monthly for Employer A, 25 hours for Employer B, and 20 hours for Employer C reaches 85 hours total but each employer alone falls short. Taft-Hartley plan aggregating hours across employers enables accurate compliance assessment impossible in single-employer verification models.

Implementation Approach

Taft-Hartley plans should develop centralized work requirement support infrastructure. Train union staff as navigators. Create industry-specific verification protocols accommodating sector employment patterns. Establish systems aggregating hours across multiple employers. Partner with SDOH platforms providing comprehensive resource access for union members. Integrate support into existing union services at hiring halls and member service centers.

Build partnerships between Taft-Hartley plans and state Medicaid agencies. Establish streamlined verification processes for union workers with centralized hour reporting from plans. Enable exemptions for seasonal patterns in construction, hospitality, and other cyclical industries. Recognize union-provided training and education hours toward work requirements.

A large construction Taft-Hartley plan covering 25,000 workers across 350 employers in five-state region, with approximately 8,000 on expansion Medicaid, could invest $2.5M for centralized navigation team, industry-specific technology platform, and SDOH partnership. Per-member cost of $312 annually justified by reduced coverage disruption, improved member services, and decreased healthcare costs.

Public Sector Employers: Statutory Constraints and Equity Imperatives

Defining Characteristics

Public sector employers (federal, state, county, municipal governments; school districts; public universities; public hospitals) operate under civil service rules, face procurement regulations, serve public missions, and have explicit equity obligations. They employ expansion adults in custodial services, food service, clerical positions, transportation, and entry-level roles.

Unique Advantages

Public sector employers have mission alignment with employee wellbeing as public value beyond private sector profit motives. Serving community includes supporting workforce. Comprehensive work requirement support aligns with government employer obligations to model good employment practices.

Procurement regulations enable leveraging government purchasing power. State government employing 50,000 with 8,000 on expansion Medicaid can issue RFP for comprehensive support services at scale justifying vendor competition. Multi-agency purchasing cooperatives could aggregate need across federal, state, and local agencies in region enabling even greater scale.

Public sector employers have direct connections to government services. State employees can be connected to state agencies providing SNAP, TANF, childcare subsidies, transportation assistance. County employees can access county social services, public health, workforce development. This enables integrated support across programs private employers cannot replicate.

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Unique Challenges

Statutory and regulatory constraints limit flexibility. Civil service rules restrict manager discretion in scheduling. Procurement requirements make rapid technology deployment difficult. Union contracts may restrict certain support approaches. Political oversight creates public scrutiny of spending on benefits infrastructure. Budget cycles limit ability to make rapid investments responding to changing requirements.

Compensation constraints affect public sector ability to compete for frontline workers. Many expansion adults in public sector employment are there because compensation is slightly better than private alternatives despite still qualifying for Medicaid. Supporting these employees through work requirements is important for retention given limited ability to increase compensation substantially.

Implementation Approach

Public sector employers should leverage existing government infrastructure. Integrate work requirement support with existing employee assistance programs, wellness initiatives, and human resources services. Use procurement processes to engage high-quality SDOH platforms and support vendors. Develop partnerships across agencies enabling referrals to services employees need for compliance.

Create public sector coalitions pooling resources. State, county, municipal, and school district employers in region could jointly procure support services, develop shared technology platforms, and train peer navigators serving multiple public employers. This achieves scale while respecting individual agency autonomy.

Model best practices for private sector. Public employers adopting comprehensive support approaches demonstrate feasibility and effectiveness, creating examples private employers can adapt. Government leadership in supporting workers through work requirements establishes standards others can follow.

A state government employing 45,000 with approximately 7,500 on expansion Medicaid could invest $3.5M for comprehensive support infrastructure including SDOH platform partnership, peer navigator network, integrated technology, and cross-agency service coordination. Demonstrate public sector commitment to workforce stability while creating transferable model for other government employers.

Comparative Analysis: Strengths and Constraints by Sector

Investment Capacity

Large employers and self-insured organizations have greatest capacity for infrastructure investment. Medium employers constrained but can achieve scale through coalitions. Small employers require externally provided simple solutions. Taft-Hartley plans have centralized capacity serving dispersed workers. Public sector has resources but procurement and statutory constraints.

Technology Sophistication

Large employers can build custom solutions or procure enterprise platforms. Self-insured employers integrate with existing care coordination technology. Medium employers need turnkey solutions deployable without extensive customization. Small employers require integration with existing basic payroll systems. Taft-Hartley plans can build industry-specific platforms serving mobile workforces. Public sector faces procurement challenges but can leverage government IT infrastructure.

Employee Support Capacity

Large employers can dedicate specialized staff. Self-insured employers can integrate into care coordination. Medium employers need shared resources through coalitions. Small employers must rely on community organizations for navigation support. Taft-Hartley plans can leverage union staff and facilities. Public sector can coordinate with government social services.

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Strategic Incentives

Large employers motivated by competitive advantage and brand reputation. Self-insured employers have direct financial incentives from healthcare cost management. Medium employers focus on workforce stability and retention. Small employers minimize compliance burden while maintaining employee relationships. Taft-Hartley plans advance member advocacy mission. Public sector fulfills equity obligations and models best practices.

Optimal Approaches

Large employers should build comprehensive infrastructure becoming sector leaders. Self-insured employers should integrate work requirement support into healthcare cost management. Medium employers should form coalitions pooling resources. Small employers should use simple templates and industry association support. Taft-Hartley plans should develop centralized industry-specific support. Public sector should leverage government infrastructure and model exemplary practices.

Policy Implications: Designing for Diversity

Work requirement policies must accommodate employer diversity rather than assuming one-size-fits-all approaches. States designing verification systems should provide multiple pathways enabling different employer types to participate effectively according to their capacities and constraints.

Tiered Verification Options

Basic tier for small employers: simple templates, digital submission by employees, safe harbor protections. Intermediate tier for medium employers: standardized APIs working with common payroll systems, coalition support structures, state technical assistance. Advanced tier for large employers and Taft-Hartley plans: custom integrations, data exchange protocols, streamlined processing for high-volume verifications.

Facilitated Partnerships

States should broker partnerships between employers and SDOH platforms, provide matching funds for coalition development, recognize and certify industry association support programs, establish preferred vendor lists for support services, and create technical assistance programs targeted to different employer segments.

Regulatory Flexibility

Different enforcement approaches for different employer types. Large employers expected to implement sophisticated systems face scrutiny for inadequate processes. Small employers providing good-faith verification receive safe harbor from technical deficiencies. Taft-Hartley plans gain flexibility for industry-specific verification protocols. Public sector employers get longer implementation timelines accommodating procurement requirements.

The Employer Ecosystem Reality

Eighteen point five million expansion adults work for extraordinarily diverse employers. Fortune 500 corporations with sophisticated HR systems. Family businesses with handwritten time sheets. Union workers moving between projects and employers monthly. Government workers subject to civil service rules. The policy challenge is designing systems working across this employer diversity.

Success requires understanding that different employer types need different support, face different constraints, respond to different incentives, and can contribute different capacities. Large employers can build infrastructure that small employers cannot. Small employers have relationship flexibility that large

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bureaucracies lack. Taft-Hartley plans enable coordination across multiple employers impossible in traditional employment. Public sector can leverage government resources unavailable to private employers.

The coming months will reveal whether states design verification systems accommodating employer diversity or impose uniform requirements that work well for some employers while creating impossible burdens for others. The difference will determine whether verification enables or prevents work requirement compliance for millions of expansion adults whose healthcare depends on employers understanding their distinct roles in the new safety net architecture.

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