from the office of

SENATOR DAVID BROCK SMITH

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Contact: Shelia Megson, Chief of Staff
Email: Sen.DavidBrockSmith@OregonLegislature.gov

Oregon's Lawsuit Against Medicaid Work Requirements Protects Fraud, Not Vulnerable Oregonians

SALEM, OR – Senator David Brock Smith (R Port Orford) questions the timing of lawsuit from AG Rayfield. "Yesterday, Attorney General Dan Rayfield filed a lawsuit challenging federal Medicaid work requirements that take effect in 2027. The suit, joined by Minnesota, New Mexico, and Washington, was filed the day after the election. It seeks to block rules designed to stop fraud and reduce improper payments so that limited Medicaid resources can better serve Oregonians who truly need them," said Senator Brock Smith.

Under the 2025 federal reconciliation law (H.R. 1), certain able bodied adults ages 19 to 64 enrolled through the Affordable Care Act Medicaid expansion; known in Oregon as the Oregon Health Plan, will be required, beginning January 1, 2027, to demonstrate community engagement of at least 20 hours per week/80 hours per month. Qualifying activities include work, community service or volunteering, participation in a work program, or half-time enrollment in an educational program (or a combination of these). Individuals may also meet the standard by earning the equivalent of 80 hours at the federal minimum wage (approximately $580 per month in 2026). Clear exemptions exist for people who are medically frail, pregnant or postpartum, caregivers of young children, and certain other categories.

The Oregon Health Authority estimates roughly 564,000 Oregonians fall into the expansion group subject to these rules. The purpose of the requirements is straightforward: reduce fraud, waste, and improper enrollment so that resources are directed to children, seniors, people with disabilities, and other vulnerable populations who rely on the program, and for which it was created.

"These work requirements are not about taking coverage away from people who need it," said Senator Brock Smith. "They are about making sure limited resources go to the Oregonians who truly depend on them, our children, seniors and people with disabilities. Oregon's 14 percent SNAP error rate shows what happens when basic program integrity is ignored. The Attorney General should be investigating the fraud and abuse occurring, as Oregonians cannot and should not keep diverting taxpayer dollars to improper payments while vulnerable people wait."

Oregon's track record on program integrity makes the need for these reforms especially clear. The state's SNAP payment error rate for fiscal year 2025 was 14.14 percent, one of the highest in the nation. Under the same federal law, states with a SNAP error rate of 6 percent or higher must begin paying a share of SNAP benefit costs (5 percent, 10 percent, or 15 percent depending on the error rate). That means Oregon taxpayers would pay more to cover the gap. States that bring their error rate below 6 percent do not have to fill that funding gap, as the federal government continues to cover 100 percent of benefits. Oregon's persistently high error rate puts the state on a path toward significant new costs for taxpayers unless accuracy improves. Independent analyses and state audits have also documented serious problems in Medicaid eligibility administration, including coding and system errors in the ONE eligibility system, duplicate enrollments that produced improper payments to Coordinated Care Organizations, and benefits paid for people living in other states.

Attorney General Rayfield's decision to file this lawsuit the day after the election, after the requirements had been law for more than a year, raises politically motivated questions about timing. The rules were enacted in July 2025, with implementation scheduled for 2027. Oregon officials have known the timeline for many months. Waiting until after voters cast their ballots to challenge a policy aimed at protecting program integrity does not serve Oregonians who depend on the system.

"Filing this lawsuit the day after the election, after these rules have been law for more than a year, is pure politics," Smith added. "Oregonians deserve a Medicaid system that works for the people it was designed to serve, not more lawsuits that protect improper payments at the expense of taxpayers and the most vulnerable."

Medicaid is a safety-net program funded by taxpayers. When error rates are high and eligibility is not carefully verified, resources are diverted from those who need them most, and in the case of SNAP, it forces Oregon taxpayers to cover costs the federal government would otherwise fully fund. Work and community engagement requirements are a common-sense step to restore integrity, reduce improper payments, and ensure the Oregon Health Plan remains sustainable for the people it was designed to serve.

"The Attorney General should be focused on the millions of dollars in fraud at the expense of taxpayers, while pushing the Governor to get her house in order, and reduce the error rate. I am ready and will continue to support policies that protect taxpayers, strengthen program integrity, and prioritize vulnerable Oregonians," concluded Senator Brock Smith.

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Senator David Brock Smith represents Senate District 1, which includes Curry, Coos and Douglas Counties, Southwest Oregon's Fish, Farm & Forestry District. His office is focused on fiscal responsibility, economic opportunity, and effective government for all Oregonians. This press release and previous press releases issued by Senator David Brock Smith's office are available on the web at: www.oregonlegislature.gov/smithd