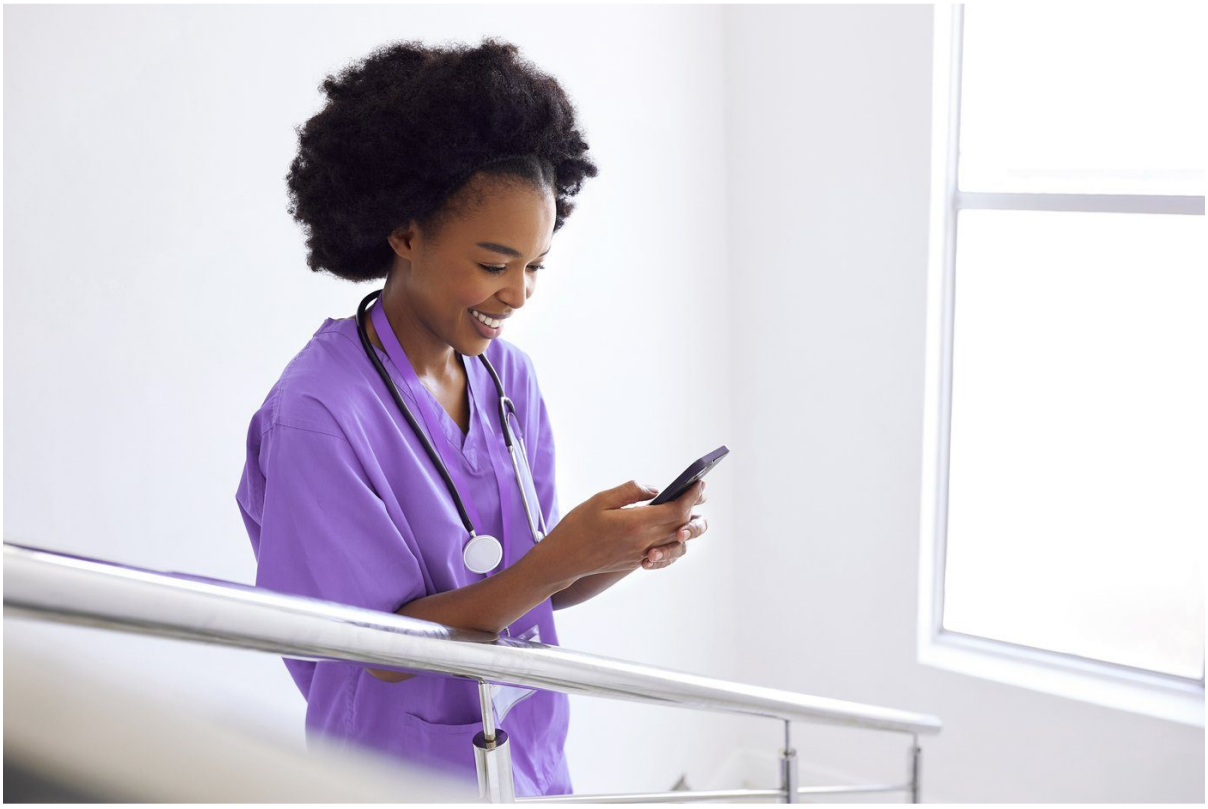
Solving the staffing crisis: Medicaid cuts and immigration compliance

Discover how Medicaid cuts and immigration compliance are reshaping healthcare staffing challenges and learn strategies for sustainable workforce management.

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There's never been a "calm" era in healthcare staffing, but this moment feels different.

With $170 billion earmarked for immigration enforcement and looming Medicaid spending cuts, the pressure on providers is converging. Reimbursement is tightening, workforce pipelines are shifting, and the margin for compliance error is practically nonexistent.

If there's a throughline across home health, hospice, long-term care, and beyond, it's that legislative change isa frontline operational challenge.

In this blog, we dive into Medicaid and immigration compliance changes that are impacting post-acute care and the steps you need to take to ensure growth.

The Medicaid squeeze: fewer patients, tighter margins, and bigger staffing gaps

Medicaid funding continues to be a high-profile issue. The One Big Beautiful BillAct legislates major federal spending cuts over the next decade, with Medicaid singled out as a primary target. The downstream effects for providers are hard to ignore:

- Lower reimbursement rates
- Reduced patient eligibility
- Potential wage pressure for already-stretched staff

But the real disruption shows up in day-to-day operations. As eligibility criteria tighten, providers may see fewer patients staying continuously enrolled, a phenomenon often referred to as coverage churn. That churn leads to:

- More unpaid or underpaid visits
- Increased administrative overhead
- Greater financial unpredictability

In response, agencies may be forced to make difficult decisions like capping admissions, reducing service intensity, or stepping away from lower-paying rural or complex cases. When that happens, patients can shift into hospitals or nursing facilities, putting even more strain on an already stretched system.

The bottom line is Medicaid pressure reshapes who you can serve, how you staff, and whether your workforce model is sustainable at all.

Immigration reform: constraint or opportunity?

Immigration policy is reshaping the labor pool in real time. With stricter border controls, work authorization revocations, and significant funding for enforcement, many providers are asking a simple question: *Where will the next generation of caregivers come from?* Or even: *Where will this generation of caregivers come from?*

There are, however, signs of movement and potential opportunity. Industry groups like the Home Care Association of America are advocating for:

- A temporary home care visa program
- Updates to the EB-3 (Other Worker) visa pathway
- Reclassifying caregiving as a Schedule A occupation, which would fast-track approvals

A bill introduced in September 2025 proposes a new H-2C visa, designed specifically for long-term care and related roles. If enacted, these changes could meaningfully expand the labor pool. But

until then, providers are navigating a complex and evolving compliance landscape where every hire carries higher stakes.

Compliance is continuous

In this environment, compliance can't be treated as a one-time onboarding task. It has to be a continuous, auditable process.

Take Form I-9 requirements:

- **Section 1** must be completed by the employee on or before their first day
- **Section 2** must be completed by the employer within three business days
- The same individual who verifies documents must complete Section 2

For organizations using remote verification, the bar is even higher:

- Employees must transmit documentation (front and back, if applicable) within three days
- Employers must review documents for authenticity
- A live video interaction is required
- Employers must indicate the use of alternative procedures and maintain clear, legible records

And documentation retention isn't optional:

- Keep Form I-9 for three years after hire or one year after termination, whichever is later
- Be prepared to produce forms within three days of an inspection notice

This is what compliance looks like now: fast, precise, and always audit-ready.

Work authorization risks are rising and evolving

Adding another layer of complexity, work authorization itself is becoming more erratic.

On June 12, 2025, the U.S. Department of Homeland Security began revoking work authorizations for certain individuals from Cuba, Haiti, Nicaragua, and Venezuela, impacting roughly 530,000 workers across industries.

For employers, this introduces a new operational reality: your workforce status can change after hire. To manage this, organizations should:

- Regularly review the E-Verify Status Change Report
- Maintain meticulous documentation for any affected employees
- Initiate I-9 reverification (via Supplement B) when applicable

If an employee loses authorization, don't terminate immediately. First determine whether they have alternative valid documentation. That said, employers cannot legally retain workers without valid authorization, making speed, accuracy, and documentation critical.

The rising cost of global talent

For providers relying on skilled international workers, recent policy changes add another hurdle. As of September 21, 2025, new H-1B visa applications carry a $100,000 annual fee.

The U.S. Department of Labor has launched "Project Firewall," increasing enforcement through direct oversight of investigations, penalties and back wage requirements for violations, and potential bans from the H-1B program.

Healthcare remains one of the top industries using H-1B visas, with approximately 17,000 approvals last year. But for many home care providers, the financial and administrative burden of new applications may now be prohibitive.

At the same time, demand isn't slowing. The U.S. population is aging faster than the domestic caregiving workforce, making access to global talent more important, not less.

One attempt to meliorate this problem is a bipartisan bill introduced on March 17, 2026, which would exempt healthcare workers (including direct care workers, physicians, nurses, and allied health professionals) from the $100,000 H-1B visa filing fee. The legislation aims to address workforce shortages in hospitals, community health centers, and other critical facilities nationwide, especially in underserved areas.

When workforce disruption becomes personal

When an employee is deported or self-deports, the ripple effects are immediate:

- Care teams may feel uncertainty, fear, or instability
- Patients may experience anxiety due to sudden caregiver changes
- HR teams face complex logistical and compliance challenges

Providers need a clear, compassionate response plan that includes:

- Communication protocols for staff and patients
- Access to emotional and legal support resources
- Rapid backfill strategies to maintain continuity of care

And behind the scenes, payroll and compliance questions stack up quickly:

- What happens to unclaimed final paychecks?

- Do state escheat laws apply?
- Are COBRA notifications still required?
- Where should W-2s or 1099s be sent, especially if a foreign address is involved?

There's also a less obvious risk: identity fraud. Without proper controls, a "phantom employee" could assume a departed worker's identity, continue logging hours, and receive paychecks.

For multi-site or decentralized organizations, this risk is amplified.

The new reality: staffing is a workforce strategy

The healthcare staffing crisis is caused by systems under pressure from every direction, financial, regulatory, and human. Medicaid cuts may limit who you can serve, immigration policy may limit who you can hire, and compliance requirements determine how quickly and safely you can put staff to work.

That's a lot to navigate. But it also creates a clear mandate: **Build a workforce strategy that's as dynamic as the policies shaping it.**

With Viventium, one system treats staffing as an HR function, a compliance function, a financial function, and increasingly, a competitive advantage.

Ready to turn staffing into a workforce strategy? **Connect with us today to get started.**

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