Upcoming Medicaid Changes: Eligibility and Service Implications

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KFF
The independent source for health policy research, polling, and news.

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What is KFF?

A leader in health policy analysis, polling, and health journalism, KFF is dedicated to filling the need for trusted information on national health issues.

- KFF is a non-profit organization focusing on national health issues, as well as the U.S. role in global health policy
- Unlike grant-making foundations, KFF develops and runs its own policy analysis, journalism and communications programs, sometimes in partnership with major news organizations.
- We serve as a non-partisan source of facts, analysis and journalism for policymakers, the media, the health policy community and the public.
- Our product is information (policy research, facts, numbers, news coverage)
- Always provided free of charge
- The modern day KFF was established in the early 1990s with its current mission
- KFF is NOT associated with Kaiser Permanente

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KFF's Surveys of State Medicaid Programs

KFF surveys all 50 states and DC 3 times each year.

Budget Survey

- Annual survey of Medicaid directors and their staff
- Written survey and structured follow-up interviews
- Focus on spending and enrollment trends
- Conducted by KFF and Health Management Associates in partnership with the National Associate of Medicaid Directors
- https://www.kff.org/medicaid/50-state-medicaid-budget-survey-archives/

Eligibility and Enrollment Survey

- Annual survey of Medicaid officials
- Written survey
- Focus on Medicaid and CHIP eligibility, enrollment, and renewal policies for children and adults ("MAGI") populations
- Conduced by KFF and Georgetown's Center for Children and Families
- Now incudes a second survey about eligibility for people with disabilities and older adults ("non-MAGI")
- Conduced by KFF and Watts Health Policy Consulting
- https://www.kff.org/series/medicaid-eligibility-and-enrollment-survey/

Home Care Survey

- Annual survey of Medicaid officials who administer home care (also "home and community-based services or HCBS)
- One survey is sent to each home health, personal care, and waiver program
- Focus is on home care services, benefits, and availability
- https://www.kff.org/medicaid/50-state-survey-archives-medicaid-hcbs-and-eligibility-based-on-disability-or-age-65/

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KFF's Medicaid Data Resources: Finding State-Level Data

Issue briefs and reports: Home page

Overview of Medicaid, designed for college student curricula: Medicaid 101

Snapshots of key data Medicaid for each state: Medicaid State Fact Sheets

Compendium of KFF data on people enrolled in Medicare and Medicaid: State Profiles for Dual-Eligible Individuals

State-level data on Medicaid (but also health and health coverage of the entire population): State Health Facts

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What is Medicaid?

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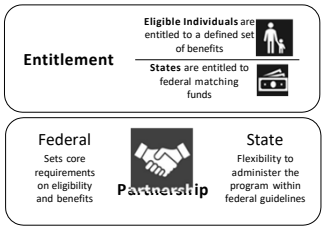
Medicaid is an entitlement health program that is jointly financed by the federal and state governments.



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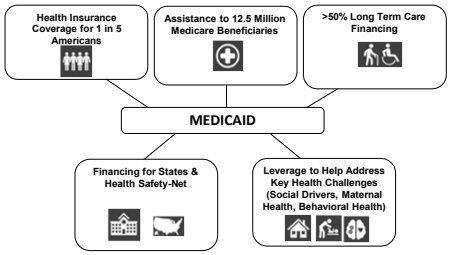
Medicaid plays a central role in the US health care system.



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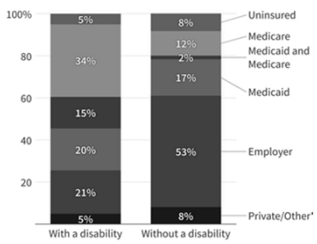
Over 1 in 3 people with disabilities have Medicaid.

Percentage of individuals by insurance coverage and disability status, 2023



Note: The American Community Survey (ACS) includes a 1% sample of the US population and allows for precise state-level estimates. The questions on disability asks respondents whether they have a hearing difficulty, vision difficulty, cognitive difficulty, ambulatory difficulty, self-care difficulty (defined as difficulty with bathing or dressing), or an independent living difficulty. Respondents who report any one of the size difficulties are considered to have a disability. *Includes coverage through an employer, privately purchased health insurance, and all other coverage types.

Source: KFF's 5 Key Facts About Medicaid Coverage For People with Disabilities

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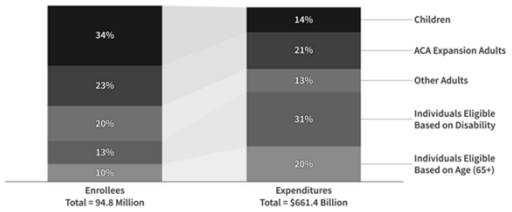
Over half of Medicaid spending is for people who qualify based on being ages 65 and older or having a disability.



Note: Includes full and partial benefit enrollees enrolled in at least one month of Medicaid during 2021. Total may not sum to 100% due to rounding.
Source: KFF's 10 Things to Know About Medicaid

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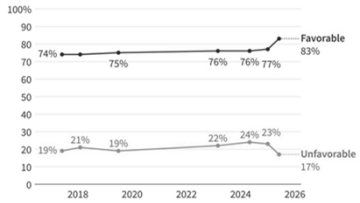
Medicaid continues to be viewed favorably by the public.

In general, do you have a favorable or unfavorable opinion of Medicaid, the federal-state government health insurance for certain low-income adults and children and long-term care program for adults 65 and older and younger adults with disabilities?



Note: See topline for full question wording.
Source: KFF's Health Tracking Polls

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How has optional coverage changed the long-term care landscape?

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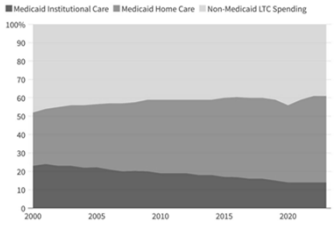
Optional Medicaid eligibility and services have supported the increased use of LTC in people's homes and the community.

Share of annual national spending on long-term care from Medicaid by location of care



Source: KFF's 5 Key Facts about Medicaid's Share of National Health Spending

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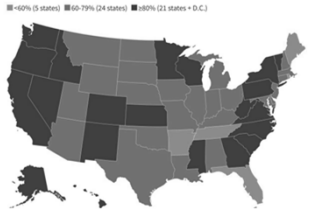
In nearly all states, most people who use Medicaid long-term care, receive services at home.

Share of Medicaid enrollees who used any home care among those who used any LTSS in 2021



Note: 5,653,500 Medicaid enrollees in the US used any LTSS in 2021. 75% of whom used only HCBS, 21% of whom used only institutional LTSS, and 4% of whom used both. The extremely small number of people using HCBS in Rhode Island suggests a potential data quality issue. 2021 data in Mississippi was not usable, so 2020 data was used instead.

Source: KFF's 10 Things About Long-Term Services and Supports (LTSS)

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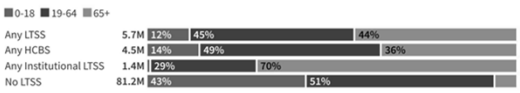
Over half of Medicaid enrollees who use long-term care are under age 65.

Distribution of full-benefit Medicaid enrollees, by LTSS use and age



Note: LTSS = Long-term services and supports. HCBS = home- and community-based services.
Source: KFF's 10 Things About Long-Term Services and Supports (LTSS)

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Optional and Mandatory Medicaid Eligibility for Older Adults and People With Disabilities

Children, parents, and most other adults under age 65 qualify for Medicaid based on their Modified Adjusted Gross Income "MAGI." Older adults and people eligible for Medicaid on the basis of disabilities must meet eligibility criteria beyond only income – these eligibility groups are often referred to as "non-MAGI."

Mandatory non-MAGI Eligibility Groups

- People who receive Supplemental Security Income (SSI)
  - 2025 income limit: $967/ month for an individual
  - Asset limit: $2,000 individual
- Medicare beneficiaries through the Medicare Savings Programs (MSP)
  - Multiple programs that cover Medicare premiums and in most cases, cost sharing
  - 2025 income limit: $1,781/ month for an individual
  - 2025 asset limit: $9,660

Optional MAGI Eligibility

- States may increase income or asset eligibility limits for the mandatory groups
- Optional eligibility groups for low-income older adults and people with disabilities
  - Medicaid buy-in (47 states), Family Opportunity Act (9 states)
  - Medically needy coverage (34 states)
  - Poverty level coverage (28 states)
- Optional eligibility groups for people who use long-term care; several options offered by all states except for Montana

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Most states have higher income or asset limits for older adults and people with disabilities.

Source: KFF's Survey of Medicaid Financial Eligibility & Enrollment Policies for Older Adults & People with Disabilities, 2025 (Appendix Table 5)

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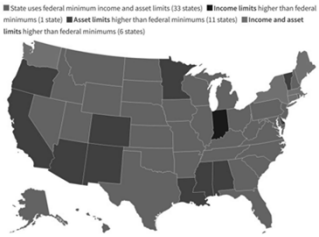
Many states have higher income or asset limits for the Medicare Savings Programs (MSP).



Source: KFF's Survey of Medicaid Financial Eligibility & Enrollment Policies for Older Adults & People with Disabilities, 2025 (Appendix Table 2)

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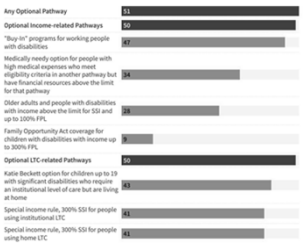
In 2025, all States use optional eligibility groups to cover older adults and people with disabilities ("non-MAGI" enrollees).

Number of states adopting each Medicaid eligibility pathway in 2025



Note: Alabama is the only state that does not offer any optional income-related pathways and Montana is the only state that does not offer any long-term care-related pathways. Home care is also known as home- and community-based services or HCBS. States electing the medically needy pathway must cover pregnant people and children and may cover older adults, people with disabilities, and/or low-income parents. The Katie Beckett option for children and Family Opportunity Act for children with disabilities up to 300% FPL pathways include states electing a state plan option and/or comparable waiver. Florida data reflect the state's responses to KFF's 2022 survey and supplemental research.
Source: KFF's Medicaid Eligibility Levels for Older Adults and People with Disabilities (Non-MAGI) in 2025

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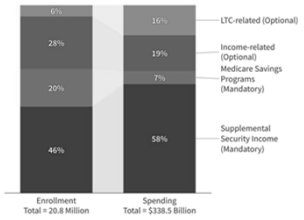
Among non-MAGI enrollees, most people are eligible for Medicaid through the mandatory eligibility groups.

Percent of enrollment and spending by type of eligibility pathway



Note: LTC = Long-term care. Spending and enrollment data does not include Mississippi and West Virginia due to data quality concerns in 2021.
Source: KFF's 5 Key Facts About Medicaid Eligibility for Seniors and People with Disabilities

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Optional and Mandatory Long-Term Care Benefits in Medicaid

States are required to cover nursing facility care under Medicaid, but nearly all benefits provided in the home are optional for states to provide. Most Medicaid LTC is being provided through those optional services.

Mandatory Covered Services

- Institutional Care
  - Nursing facility care
- Home care or home and community-based services (HCBS)
  - Home health

Optional Covered Services

- Institutional Care
  - Intermediate facility care
- Home care or home and community-based services (HCBS)
  - State plan benefits: generally available statewide
    - Personal care state plan
    - 1915i: for people at risk of institutional care*
    - 1915j: allows self-direction of HCBS
    - 1915k/ community-first choice: expanded personal care benefit
  - Waiver benefits: cost neutrality required, may have enrollment caps/ waiting lists
    - 1915c: population-specific HCBS for people needing institutional care
    - 1115: general Medicaid demonstration

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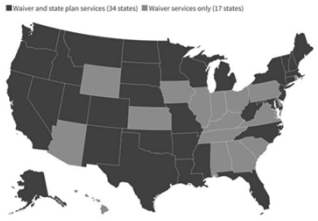
All states offer optional home care benefits, most of which are available through waiver programs.

States offering optional home care benefits by program type, 2024



Note: State plan services include those offered under the Personal Care State Plan and Community First Choice. Waivers include 1915(c) and 1115 waivers.
Source: KFF's Medicaid HCBS Survey 2024 (Appendix Table 1)

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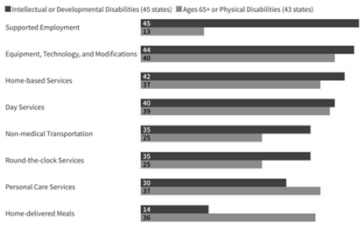
States use waiver services to create home care programs that are tailored to the unique needs of different target populations.

Number of states covering specific home care services by target population among states that responded to the survey and have a waiver for that population



Note: The total number of states with a waiver for each target population only includes states that responded to the survey. Florida, Indiana, and Utah did not respond to the 2024 survey.
Source: KFF's What is Medicaid Home Care (HCBS)?

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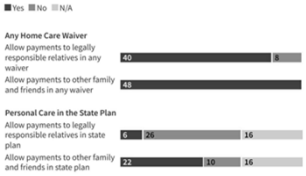
States support family caregivers through optional Medicaid home care programs.

Number of states that allow payments for family caregivers by type of home care program and type of caregiver (n = 48)



Note: Legally responsible relatives include spouses, parents of minor children, and other caregivers. HCBS waivers include 1915(c) and 1115 program. If states allow payments for family caregivers under any waiver, they are counted as allowing such payments. Payments may not be available for all waivers within a state. N/A = not applicable because the state does not offer personal care in the state plan. All states except for Florida, Indiana, and Utah responded.
Source: KFF's How do Medicaid Home Care Programs Support Family Caregivers?

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There are over 700,000 people on waiting lists for home care, most of whom have intellectual or developmental disabilities.

Number of people (1000s) on waiting lists or interest lists by target population and whether or not state screens people on waitlists for eligibility, 2024

Note: KFF started asking about interest lists for the first time in 2023. States were asked to report the total number of people who were on a "waiting list referral list, interest list, or another term." States that screen for eligibility on 1 or more list might not screen people for eligibility on all lists. Other populations include children who are medically fragile or technology dependent, people with HIV/AIDS, people with mental health needs, and people wit traumatic brain or spinal cord injuries. Data include Section 1915 (c) and Section 1115 HCBS waiver waiting lists.
Source: KFF's A Look at Waiting Lists for Medicaid Home- and Community-Based Services from 2016 to 2024

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What Changes did the Reconciliation Law Make to Medicaid?

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CBO estimates H.R. 1 will reduce federal Medicaid spending by $911 billion over 10 years.

CBO's estimated 10-year federal spending cuts, by policy

Note: Over the 10-year period, the Medicaid spending reductions total $911B, including $79B in estimated Medicaid spending interactions. Without accounting for interactions, the total is $990B.
Source: KFF's Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package

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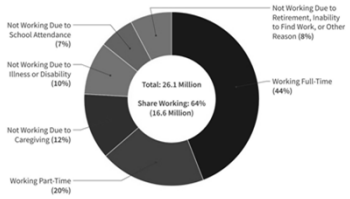
Work requirements are estimated to reduce Medicaid spending by $326 billion, but data show most Medicaid adults <65 are working.

Work status and barriers to work among Medicaid adults ages 19-64 who do not receive SSI/SSDI and who are not also enrolled in Medicare, 2023:



Note: Total may not sum to 100% due to rounding. Working Full-Time is based on total number of hours worked per week (at least 35 hours). Full-time workers may be simultaneously working more than one job. Medicaid adults include both parents of dependent children and adults without dependent children.
Source: KFF's Understanding the Intersection of Medicaid and Work: An Update

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Reconciliation package requires states to implement work requirements for the expansion group by December 2026.

States would be required to condition Medicaid eligibility for individuals ages 19-64 applying for coverage or enrolled through the ACA expansion group on meeting qualifying activities or exemption criteria:

Qualifying Activities	Mandatory Exemptions	Optional Hardship Exceptions
• 80 hours of work, community service, and/or "work program" participation • Enrolled in education at least half time • Any combination of the above totaling 80 hours • Monthly income of minimum wage multiplied by 80 hours • Seasonal workers with an average monthly income over 6 months of minimum wage multiplied by 80 hours	• Parent/guardian/caretakers of dependent children under age 14 or disabled individuals • Pregnant or postpartum • Foster youth/former foster youth under age 26 • Medically frail • Participating in SUD program • Meeting SNAP/TANF work requirements • Inmate of public institution or recently released from incarceration • Entitled to Medicare Part A/enrolled in Medicare Part B • America Indians and Alaska Natives • Disabled veterans	State option to allow short-term hardship exceptions, if *requested* by an individual who… • was in an inpatient hospital, nursing facility, intermediate care facility, or inpatient psychiatric hospital • resided in a county with a federally-declared emergency or disaster • resided in a county with a high unemployment rate (above 8% or 1.5x the national unemployment rate), subject to a request from the state to the Secretary • traveled outside of the individual's community for an extended period for medical care for themselves or for their dependent

Source: KFF's A Closer Look at the Work Requirement Provisions in the "Big Beautiful Bill"

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Experience in Arkansas and Georgia highlight implementation challenges with work requirements.

- **Enrollee awareness / outreach**: complex policies caused "confusion and uncertainty."
- **Exemptions:** enrollees struggled to access safeguards for people with disabilities and had trouble navigating the process to qualify for exemptions.
- **Data matching:** about 2/3 of enrollees successfully data matched and exempted from reporting. Among those who had to actively report, about 70% did not obtain an exemption or report compliance, resulting in over 18,000 people losing coverage.

- **Verification at application:** over 18 months since launch of "Pathways" program, GA has only enrolled 7,000 individuals—far short of the state's own estimated enrollment of 25,000 adults in the first year and 64,000 over 5 years.
- **Administrative costs:** recent investigative reporting found "Pathways" program has cost the federal and state government more than $86 million (as of the end of 2024), with three-quarters spent on consulting fees.

Source: KFF's A Closer Look at the Work Requirement Provisions in the "Big Beautiful Bill" and KFF's Implementing Work Requirements on a National Scale: What We Know from State Waiver Experience

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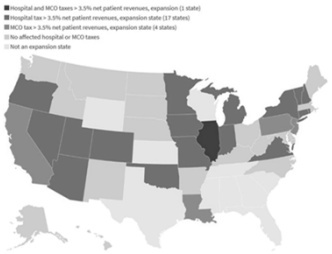
Provider tax changes are estimated to cut Medicaid spending by $191 billion.

All states will be prohibited from enacting new provider taxes, and ACA expansion states will have to reduce existing taxes.

22 states have provider taxes on hospitals or MCOs that will be reduced starting in October 2027.



Note: Includes Medicaid provider taxes as reported by states. FL did not respond to the 2024 survey.
Source: KFF's Which States Might Have to Reduce Provider Taxes Under the Senate Reconciliation Bill

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New state-directed payment limits estimated to cut Medicaid spending by $149 billion.

States with state-directed payments for hospitals or nursing facilities that would have to be reduced because of the reconciliation law's new limits

New payments will also be subject to the lower standards

Note: North Carolina and Wisconsin do not provide enough information to understand how their payment rates would compare to the proposed caps and so are considered "possibly affected." Vermont does not have MCOs but has SDPs as part of their multipayer initiative.
Source: KFF's Reconciliation Language Could Lead to Cuts in Medicaid State Directed Payments to Hospitals and Nursing Facilities

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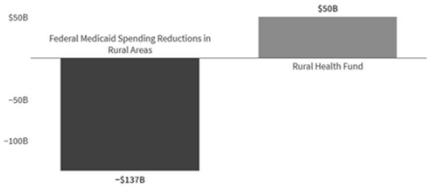
KFF estimates that $137 billion of Medicaid would be in rural areas, far more than the $50 billion in the rural health fund.



Note: The analysis uses T-MSIS data to estimate the percentage of Medicaid spending that paid for services used by rural enrollees. Those percentages were then applied to national estimated reductions in federal Medicaid spending from KFF's broader analysis of federal Medicaid spending reductions.
Source: KFF's How Might Federal Medicaid Cuts in the Senate-Passed Reconciliation Bill Affect Rural Areas?

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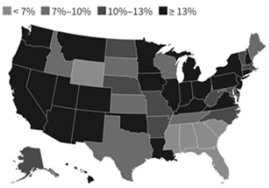
Medicaid cuts in the reconciliation law are a big reduction in federal funding for states.

Federal Medicaid Cuts in the Senate Reconciliation Bill as a % of 10-Year Baseline Federal Spending (2025-2034)



- Federal cuts to states of $911 billion over 10 years represents 14% of federal spending on Medicaid over the period.
  - States with the largest cuts to federal Medicaid spending (≥ 19%) include LA, IL, NV, OR
- Federal spending cuts of $100 billion per year represent:
  - 10% of all federal revenue to states
  - 36% of state spending on Medicaid
  - 24% of state spending on elementary and secondary education
  - 46% of state spending on higher education
  - 74% of state spending on transportation
  - 138% of state spending on corrections
  - Based on FY 2023 federal and state spending by budget category from NASBO

Source: KFF's Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package

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The reconciliation package would have impacts on people using long-term care & long-term care providers.

- **Over half the savings in the bill come from reducing Medicaid enrollment, some of which is enrollment is among older adults and people with disabilities.**
  - The bill delays implementation of two Biden-era rules that would have streamlined Medicaid eligibility and renewal for people eligible on the basis of disability or age - groups who are most likely to use long-term care.
  - CBO estimated that one million or more Medicare beneficiaries could lose Medicaid.
- **Places a moratorium on implementing new staffing requirements for nursing facilities**
- **Reduces the maximum home equity limit to $1 million, regardless of inflation**
- **The bill provides additional funding to ICE to expand detention and deportation operations of immigrants in the U.S.**
  - Immigrants make up 28% of all direct care workers, a greater share of whom are naturalized citizens than noncitizens.
- **Although provisions in the final reconciliation package do not directly limit or reduce long-term care, history shows that during the last major reduction in federal spending, all states reduced spending on home care.**
  - Home care is particularly vulnerable to cuts because it is a significant source of optional state Medicaid spending.

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What other policy changes could exacerbate the effects of Medicaid cuts?

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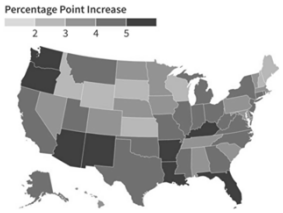
Between H.R. 1 and the expiration of enhanced ACA tax credits, an additional 14.2 million people may be uninsured in 2034.



Note: CMS also estimates that the finalized Marketplace Integrity and Affordability rule will increase the number of uninsured (its impact will be greatest in 2026, before many of its rules sunset).
Source: How Will the 2025 Reconciliation Law Affect the Uninsured Rate in Each State?

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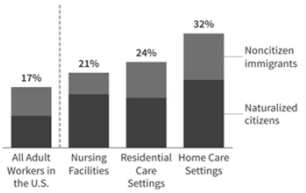
Changes to immigration policy will exacerbate challenges for the long-term care workforce.

Share of direct care workers providing LTC services who are immigrants, by setting and citizenship status



Note: All adult workers include all individuals 18 and older who earned at least $1,000 during the year. Direct care workers are a subset of all long-term care workers. Nursing facilities are residential settings that provide round-the-clock nursing and personal care to residents who need short-term or long-term care. Residential care facilities include a variety of settings such as assisted living facilities, continuing care retirement communities, and group homes. Home care settings include home health and nonresidential services for older adults and younger adults with disabilities.
Source: KFF's What Role Do Immigrants Play in The Direct Long-Term Care Workforce?

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When will these changes start to happen and what to watch as they do?

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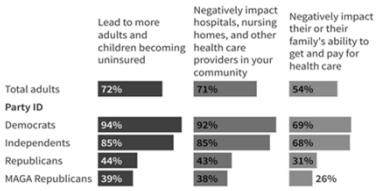
People are worried that cuts to Medicaid will have negative effects on their communities.

Percent who say that, if the federal government significantly reduces its spending on Medicaid, they are **very** or **somewhat worried** that this would...



Note: Partisans include independents who lean to either party. Independents are pure independents. MAGA supporters are Republicans and Republican-leaning independents who support the Make America Great Again movement. See topline for full question wording.
Source: KFF's Health Tracking Poll: The Public's Views of Funding Reductions to Medicaid

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When do the new changes take effect and what to watch for?

July 2025	Moratoriums on new provider taxes, eligibility rules, and nursing facility staffing rule
	Lower limits for all new state-directed payments
January 2026	Expiration of enhanced premium tax credits
	Other ACA marketplace changes take effect, including new limits on coverage for immigrants
October 2026	Reduced Medicaid FMAP for emergency Medicaid for immigrants
	Restrictions on immigrant eligibility for Medicaid
December 2026	More frequent renewals for Medicaid expansion enrollees
January 2027	Medicaid work requirements for expansion enrollees
	New restrictions on ACA coverage for legal immigrants
October 2027	Reductions in existing provider taxes start to phase in for Medicaid expansion states
January 2028	Reductions in existing state-directed payments start to phase in for Medicaid expansion states
	Cost sharing requirements for Medicaid expansion enrollees with incomes 100% - 138% FPL
	Pre-enrollment verification required for ACA Premium Tax Credits
	Lower home equity limits for Medicaid

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Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package
How Might Federal Medicaid Cuts in the Enacted Reconciliation Package Affect Rural Areas?
How Will the 2025 Reconciliation Law Affect the Uninsured Rate in Each State?
Implementation Dates for 2025 Budget Reconciliation Law
KFF Health Tracking Poll: The Public's Views on Funding Reductions to Medicaid
KFF Health Tracking Poll: The Public's Views on Potential Changes to Medicaid
Reconciliation Language Could Lead To Cuts in Medicaid State-Directed Payments to Hospitals and Nursing Facilities
Which States Might have to Reduce Provider Taxes Under the Senate Reconciliation Bill?
5 Key Facts About Medicaid Coverage For People with Disabilities
10 Things to Know About Medicaid
5 Key Facts about Medicaid's Share of National Health Spending
10 Things About Long-Term Services and Supports (LTSS)
Medicaid Eligibility Levels for Older Adults and People with Disabilities (Non-MAGI) in 2025

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5 Key Facts About Medicaid Eligibility for Seniors and People with Disabilities
What is Medicaid Home Care (HCBS)?
How do Medicaid Home Care Programs Support Family Caregivers?
Payment Rates for Medicaid Home Care: States' Responses to Workforce Challenges
A Look at Waiting Lists for Medicaid Home- and Community-Based Services from 2016 to 2024
Understanding the Intersection of Medicaid and Work: An Update
A Closer Look at the Work Requirement Provisions in the "Big Beautiful Bill"
Implementing Work Requirements on a National Scale: What We Know from State Waiver Experience
Reconciliation Language Could Lead to Cuts in Medicaid State Directed Payments to Hospitals and Nursing Facilities
Which States Might Have to Reduce Provider Taxes Under the Senate Reconciliation Bill
How Might Federal Medicaid Cuts in the Senate-Passed Reconciliation Bill Affect Rural Areas?
What Role Do Immigrants Play in the Direct Long-Term Care Workforce?
Health Tracking Poll: The Public's Views of Funding Reductions to Medicaid
Health Tracking Poll: Views of the One Big Beautiful Bill

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