

Medicaid Policy and Data Updates

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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.

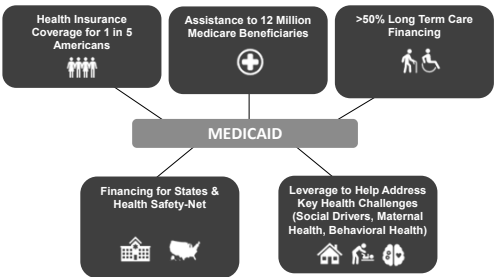
- KFF is a non-profit organization focusing on national health issues, as well as the U.S. role in global health policy
- Unlike grant-making foundations, KFF develops and runs its own policy analysis, journalism and communications programs, sometimes in partnership with major news organizations.
- We 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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1. Medicaid and Upcoming Policy Changes

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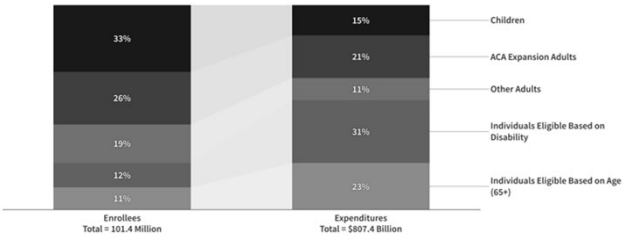
Medicaid plays a central role in the US health care system.



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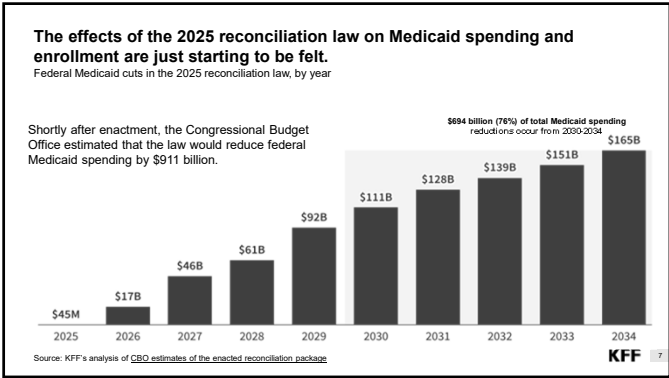
People eligible for Medicaid based on disability or age 65+ accounted for 1 in 5 enrollees but over half of all spending in 2024.



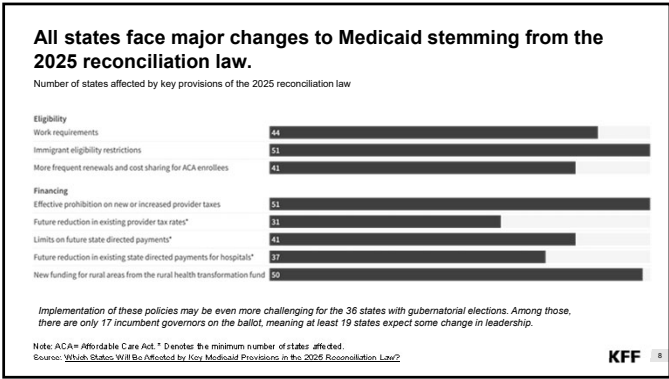
Note: Includes full and partial benefit enrollees enrolled in at least one month of Medicaid during 2024. Total may not sum to 100% due to rounding.
Source: KFF analysis of the TMSIS Research Identifiable Files, CY 2024

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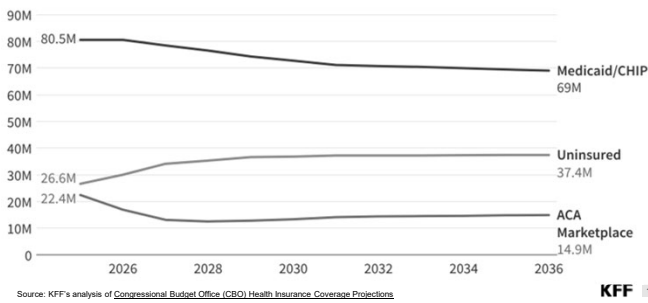


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1a. Coverage-Related Changes

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CBO projects declines in Medicaid / CHIP and ACA enrollment and increases in the uninsured.

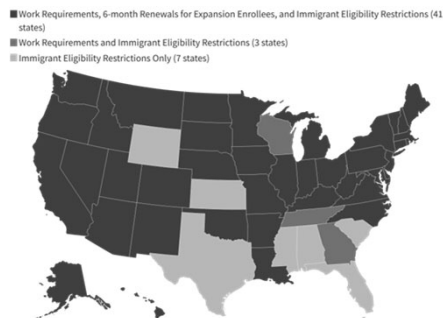


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The 2025 reconciliation law requires all states to make eligibility changes.

Key eligibility changes in the reconciliation law each state is required to implement. Effective dates:

- Oct 1, 2026: Immigrant restrictions
- Dec 31, 2026: 6-month renewals
- Jan 1, 2027: Work requirements
- Oct 1, 2028: Cost sharing



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The law requires states to implement work requirements by January 2027.

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

Qualifying Activities	Mandatory Exemptions	Optional Hardship Exceptions
80 hours per month of work, community service, and/or "work program" participation - Enrolled in education at least half time - Any combination of the above totaling 80 hours per month - Monthly household income of \$580 - Seasonal workers with an average monthly income over 6 months of \$580	- Parent/guardian/caretakers of dependent children under age 14 or disabled individuals - Pregnant or receiving postpartum coverage - Foster youth/former foster youth under age 26 - Medically frail - Participating in SUD program - Meeting SNAP/TANF work requirements - American Indians and Alaska Natives - Disabled veterans - Incarcerated or released from incarceration within 90 days - Entitled to Medicare Part A/enrolled in Medicare Part B	State option to allow short-term hardship exceptions, for 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

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Caregivers may meet work requirements or qualify for an exemption from them.

- Paid caregivers can meet the work requirements by:
 - 80 hours of work, community service, or education; or
 - Having a monthly household income of \$580 or more
- Unpaid caregivers qualify for an exemption from work requirements if they are caretaker relatives or caregivers to children under age 14 or a disabled individual. People may meet this requirement if they:
 - Live with the child or person with a disability and regularly provides assistance that is not incidental in nature,
 - Are related to the child or person with a disability and regularly provides assistance that is not incidental in nature; or
 - Provide at least 80 hours of assistance per month.
- Caregivers who are living with or related to an individual requiring regular home care will not be required to meet an hourly minimum.
- Caregivers providing more than incidental help but less than 80 hours of care, may count caregiving hours towards the 80 day work hour requirement.
- Person with a disability is defined as someone with a physical or mental impairment that substantially limits one or more of the major life activities, a record of such an impairment, or being regarded as having such an impairment. (Americans with Disabilities Act definition)

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The interim final rule requires a two-part test to qualify for the medical frailty exclusion.

To qualify for the medical frailty exclusion, an individual must have a qualifying condition and that condition must significantly impair their ability to meet work requirements.

Medically Frail Conditions

Blind or disabled

Has a physical, intellectual, or developmental disability that limits their ability to perform one or more ADL

Has an SUD

Has a disabling mental disorder

Has a "serious or complex" medical disorder

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The condition must significantly impair their ability to consistently work or participate in other community engagement activities

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CMS provided an example of a tiered framework states can use to verify medical frailty

CMS's September 2026 optional three-tiered framework for identifying and verifying people who may qualify for a medical frailty exclusion

TIER 1 Diagnosis alone	Diagnosis code indicates significant impairment A state-selected diagnosis code establishes a qualifying condition on its own due to the severity of the condition. Examples: acute congestive heart failure; diabetes with significant complications including amputations and chronic kidney disease; advanced breast cancer; agoraphobia with panic disorder	Verify using diagnosis code alone
TIER 2 Diagnosis + Utilization	Combined data indicate significant impairment A diagnosis alone is insufficient. Treatment, service use, or other health data provide evidence of impairment. Examples: shortness of breath; other cardiac conditions coupled with use of walker and intensive cardiac rehabilitation; opioid use disorder with PTSD and daily visits to methadone clinics with weekly self-help peer services	Verify using diagnosis code in combination with other data
TIER 3 Manual review	Available data cannot resolve the question Insufficient or no data for Tiers 1 and 2 requires a manual review. The state may accept self-attestation in 2027 or may require a review of medical records or provider documentation. Examples: Type 2 diabetes with hyperglycemia and sensory neuropathy; anxiety disorder	Verify through manual review process

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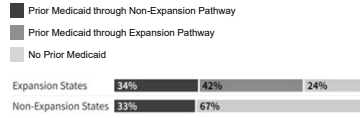
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People who are applying for SSI and have ACA Medicaid could face coverage challenges with the new work requirements.

In expansion states, 42% of new SSI enrollees were previously covered by the ACA expansion.

Share of new SSI enrollees aged 19-64 with prior Medicaid coverage in the year they first received SSI, by state Medicaid expansion status, 2023



Note: Non-expansion states include AL, FL, GA, KS, MS, NC (Medicaid expansion started 12/1/23), SC, TN, TX, and WY. WI is excluded from this analysis. In 2023, 76,000 people were newly enrolled in SSI in non-expansion states and 255,000 enrollees were newly enrolled in SSI in expansion states.

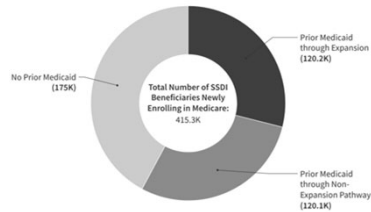
Source: KFF's [What Could Medicaid Work Requirements Mean for SSI Applicants?](#)

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People who are applying for SSDI or in the Medicare waiting period and have ACA Medicaid could face coverage challenges with the new work requirements.

Number of SSDI beneficiaries ages 19 through 64 with prior Medicaid coverage in the calendar year they first enrolled in Medicare, 2023



Note: SSDI beneficiaries newly enrolling in Medicare in the year may be either SSDI applicants who are awaiting an eligibility determination or SSDI beneficiaries in the Medicare waiting period during the months prior to Medicare enrollment in the calendar year.

Source: KFF's [What Could Medicaid Work Requirements Mean for People with Disabilities Waiting for Medicare Coverage?](#)

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1b. Financing Changes

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The reconciliation law limits all states in their ability to collect provider taxes.

States' most likely effects from the 2025 reconciliation law limits on provider taxes and the proposed regulation that would implement them



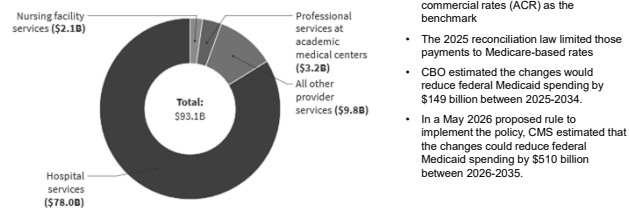
Note: The reconciliation law effectively prohibits all states from establishing new provider taxes or increasing the rates of existing taxes. States that have adopted the Affordable Care Act Medicaid expansion are subject to additional limits.
 Source: Source: KFF's [Which States Will Be Affected by Key Medicaid Provisions in the 2025 Reconciliation Law?](#)

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New rules on state directed payments could reduce federal Medicaid spending by hundreds of billions of dollars.

Estimated annual federal spending for state-directed payments (SDPs) that require prior CMS approval, by provider service type



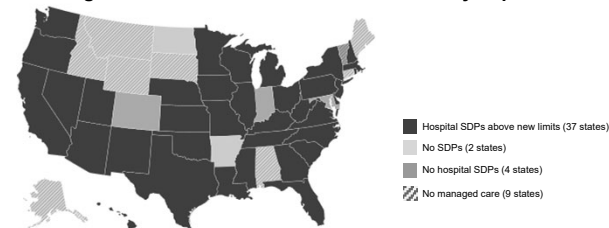
Note: Dollar values are estimated federal spending on SDPs over a 12-month period using the most recent CMS preprint for each SDP since January 1, 2024. States may have additional preprints that do not need to be submitted to CMS or are not yet published. For preprints that include hospitals and other provider service types, KFF estimated that 90% of spending went to hospitals.

Source: KFF's analysis of approved state directed payments. See [Spending on Medicaid State Directed Payments Before New Limits Take Effect](#)

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At least 37 states could have SDPs for hospitals over new limits when changes in the 2025 reconciliation law are fully implemented.



Note: Analysis only considers the most recent CMS preprint for each SDP since January 1, 2024 and assumes that new limits would be effective immediately. Colorado also has an SDP that is above new limits, but CMS did not post the preprint publicly until after July 20, 2026. Analysis uses preprints approved and published as of May 12, 2026.

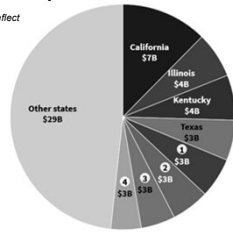
Source: KFF's [At Least 37 States Have Medicaid State Directed Payments for Hospital Services That Could Be Reduced by the 2025 Reconciliation Law](#)

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More than half of the estimated potential reductions of \$60 billion in SDP spending on hospital services comes from eight states.

Spending above new limits would reflect limits taking effect immediately



- 1: North Carolina
2: Louisiana
3: Arizona
4: Michigan

Note: Dollar values are estimated federal spending on SDPs over a 12-month period using the most recent CMS preprint for each SDP since January 1, 2024 through May 12, 2026. Assumes new limits are fully implemented on most recent SDPs. Analysis is of projected, not actual, SDP spending. States may have additional preprints that do not need to be submitted to CMS or are not yet published.

Source: At Least 37 States Have Medicaid State Directed Payments for Hospital Services That Could Be Reduced by the 2025 Reconciliation Law Limits

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States have limited options to respond to federal Medicaid cuts.

Options

1. Raise Revenue
2. Reduce Spending in Other Areas of the Budget
3. Reduce Medicaid Spending

Levers to Reduce Medicaid Spending

1. Lower Provider Rates
2. Restrict Benefits
3. Reduce Enrollment / Limit Coverage

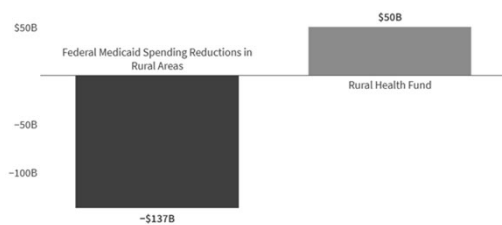
Considerations

- **Rates:** Balance Access and New Federal Rules
- **Benefits:** Home Care Accounts for Largest Share of Optional Benefits
- **Coverage:** Implications for Access / Providers

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The \$50 billion set aside in the rural health fund may not offset the reduction of federal Medicaid spending in rural areas.



Note: The analysis uses TMSIS 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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First year rural health fund awards range from less than \$100 per rural resident in 10 states to more than \$500 in 8 states.

States' awards overall ranged from \$147 million in New Jersey to \$281 million in Texas.

Per rural resident, awards range from \$66 in Texas to \$6,305 in Rhode Island.



Note: Overall award per rural resident includes all 50 states. DC and the U.S. territories were ineligible for funding. The rural population for each state is defined based on the HRSA definition of "rural", which CMS uses to allocate a portion of the rural health funds. This definition includes all nonmetropolitan areas as well as some parts of metropolitan areas.

Source: KFF's A Closer Look at the \$50 Billion Rural Health Transformation Program

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2. KFF Data Resources and Updates

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KFF provides a variety of 50-state data resources.

Types of data and research available from KFF

State Health Facts	50-State Surveys	Trackers
- Repository of state-level data covering health coverage, demographics, and the economy - Data come from analysis of national surveys (such as the American Community Survey), administrative data (such as those from Medicare and Medicaid) and from KFF's 50-State Surveys - Most data are updated annually https://www.kff.org/state-health-facts/	4 Annual 50-State Surveys of state Medicaid programs Budget Survey Home Care Survey - Eligibility Survey – Children and Families - Eligibility Survey – Adults Ages 65 and Older, People Eligible Because of a Disability	- Some are perpetual, others developed to track rapidly-evolving policy changes Medicaid Expansion 1115 Waivers Work Requirements and Reconciliation Law Program Integrity

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2a. “Non-MAGI” Eligibility Data

Optional and Mandatory Medicaid Eligibility for People Eligible because they are 65+ or have long-term disabilities

Children, parents, and most other adults under age 65 qualify for Medicaid based on their Modified Adjusted Gross Income "MAGI." People who qualify because they are 65 and older or have long-term 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)
 - 202 income limit: \$994/ month for an individual
 - Asset limit: \$2,000 for an individual
- Medicare beneficiaries through the Medicare Savings Programs (MSP)
 - Multiple programs that cover Medicare premiums and in most cases, cost sharing
 - 2026 income limit: \$1,816/ month for an individual
 - 2026 asset limit: \$9,950 for an individual

Optional non-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 people eligible because they are 65+ or have long-term disabilities.

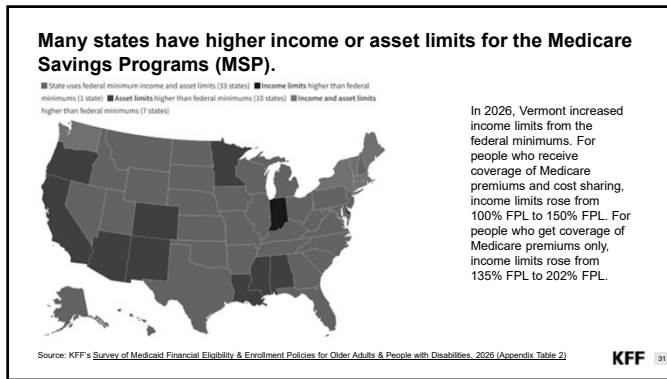
■ State uses federal minimum income and asset limits (22 states) ■ Income limits higher than federal minimums (14 states) ■ Asset limits higher than federal minimums (1 state) ■ Income and asset limits higher than federal minimums (14 states)



In 2026, Michigan increased asset limits from the federal minimums from \$2,000 for an individual and \$3,000 for a couple to \$9,950 and \$14,910 respectively (MSP limits). MSP limits also grow with inflation whereas the Medicaid limits are SSI-based and do not.

Source: KFF's Survey of Medicaid Financial Eligibility & Enrollment Policies for Older Adults & People with Disabilities, 2026 (Appendix Table 5)

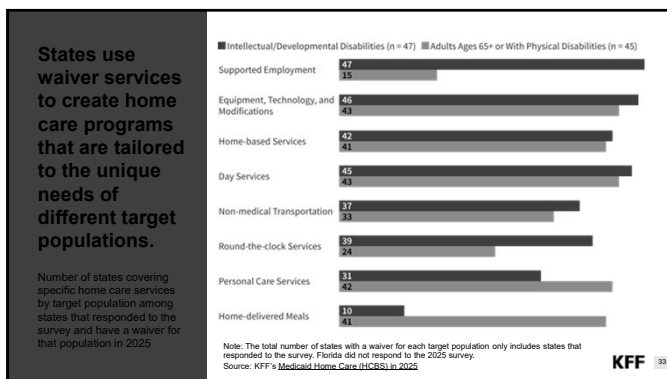
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2b. Home Care Data: Coverage and Benefits

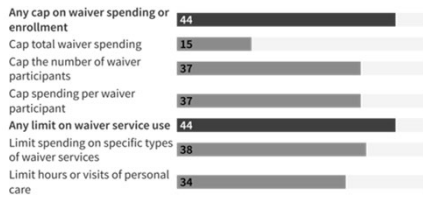
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States manage Medicaid home care spending with caps on spending or enrollment, or by limiting services.

Number of states reporting each type of cap on waiver spending or enrollment for any home care waiver (n = 50)



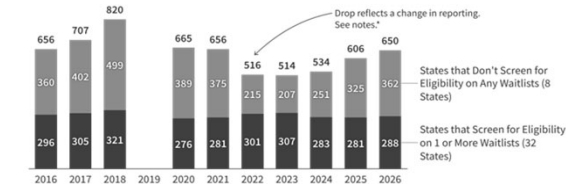
Note: Full survey question: Are you currently using any of the following cost containment strategies in state fiscal year 2025? (Check all that apply.) What utilization limits apply to home care services under the waiver? (Check all that apply.) A few states provide home care through an 1115 waiver only, whereas other states most commonly provide home care through 1915(c) waivers (See Box 1 for more details). Florida did not respond to the 2025 survey.
Source: KFF's *States Management of Medicaid Home Care Spending Ahead of H.R. 1 Effect*.

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A disproportionate number of people on waiting lists for home care live in states that don't assess eligibility for people waiting.

Number of people in 1000s on home care waiting lists or interest lists by whether state screens people on any waiting lists for eligibility prior to adding them to the list.



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 with traumatic brain or spinal cord injuries. Data include Section 1915 (c) and Section 1115 home care waiver waiting lists. Florida and South Carolina did not respond to the 2026 survey. Florida's responses to the 2022 survey and South Carolina's responses to the 2025 survey, as well as supplemental research, were included.

Source: KFF's *A Look at Waiting Lists for Medicaid Home- and Community-Based Services from 2016 to 2026*.

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In 2025, all responding states reported home care workforce shortages.

Number of states that answered "yes" when asked whether they were experiencing a shortage of the Medicaid home care workers identified below (n = 50)

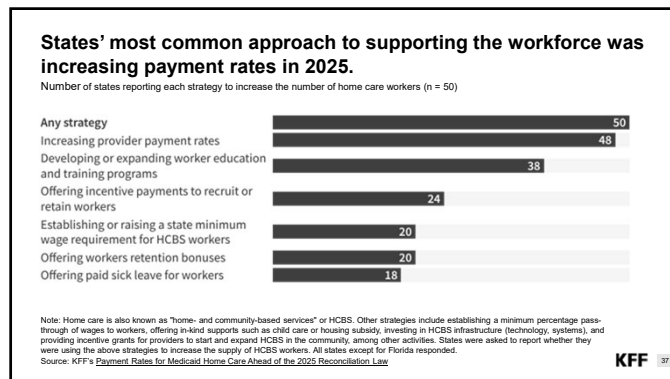


Note: Home care is also known as "home- and community-based services" or HCBS. OT = occupational therapy. PT = physical therapy. States were asked to report whether they had each type of shortage. All states except for Florida responded.
Source: KFF's *Payment Rates for Medicaid Home Care Ahead of the 2025 Reconciliation Law*.

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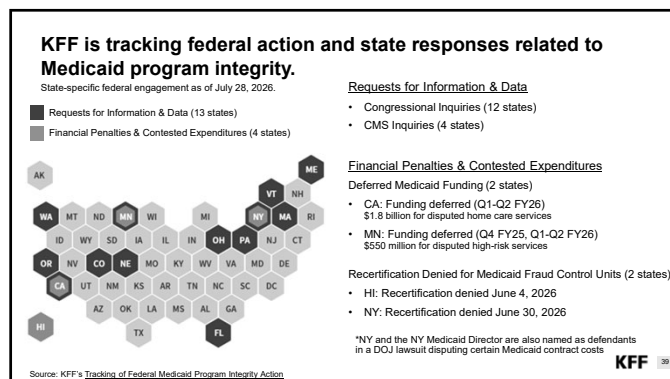
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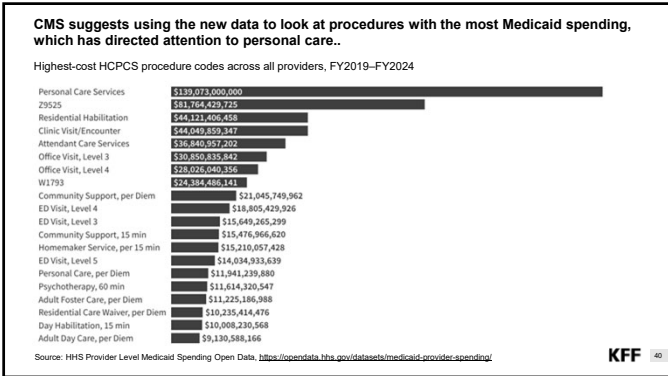
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2c. Program Integrity Data

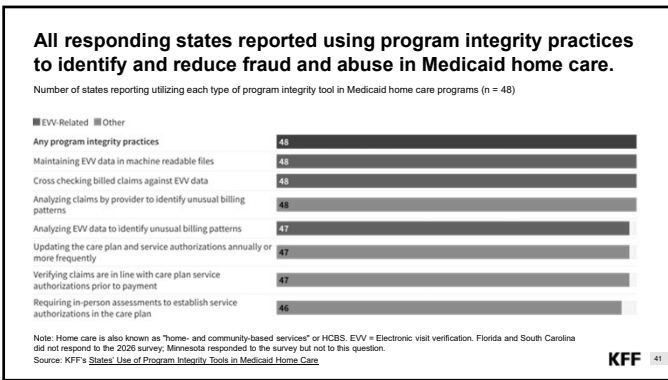
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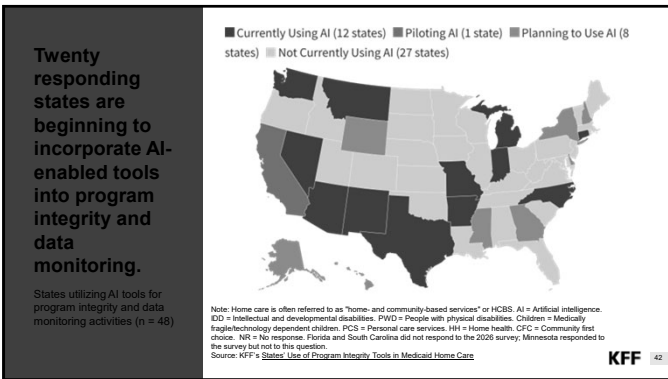
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What are the key takeaways, lessons, and issues to watch?

- **Key Takeaways:** Medicaid spending on home care is likely to face downward pressure on account of the 2025 reconciliation law and the administration's new efforts to promote program integrity in Medicaid.
 - Enrollees who are 65 and older or eligible because of a long-term disability account for > 50% Medicaid spending.
 - Home care is a major component of total Medicaid spending, and a significant source of spending growth.
 - The 2025 reconciliation made unprecedented reductions in federal Medicaid spending.
 - The current administration aims to reduce fraud in Medicaid, with a focus on home care.
- **Lessons:** Timely data can help us understand programs, trends, and potential unmet needs.
 - States can learn from other states by comparing data, policies, and implementation strategies.
 - Data can facilitate clear communication and strengthen partnerships between governments, providers, health plans, enrollees, community-based organization, and advocates.
- **What to Watch:** The policy environment is evolving, and these developments may have significant implications:
 - Federal and state elections.
 - Changing federal rules (rulemaking and legal action surrounding rulemaking).
 - States' responses to federal policy changes, and
 - States' fiscal and administrative capacity to implement changes.

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For more information, contact: aliceb@kff.org

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