



Medicaid Eligibility in 2026

Minnesota House Health Finance and Policy
Committee

March 4, 2026



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The National Conference of State Legislatures (NCSL) is the **bipartisan** organization serving **legislators and legislative staff** in America’s 50 states, D.C. and territories.

With a strong belief in the importance of the legislative institution, NCSL knows **when states are strong, our nation is strong.**



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NCSL delivers training tailored specifically for legislators and staff

STATE VOICE IN D.C.

NCSL represents and advocates on behalf of states on Capitol Hill

MEETINGS

NCSL meetings facilitate information exchange and policy discussions

Medicaid Eligibility in 2026

Overview of the One Big Beautiful Bill Act* and State Legislative Role

**Also known as:
OBBBA, "Oh-Bah," OB3, HR 1*



What Does OB3 Do?

Reduces federal Medicaid spending over the next 10 years by addressing *federal cost drivers* in expansion eligibility, provider payments, and state financing.



ELIGIBILITY

- **71107.** Increased frequency of eligibility determinations.
- **71119.** Work or community engagement requirements.
- **71120.** Cost sharing.
- **71109 & 71110.** Non-citizen eligibility.

FINANCING AND PAYMENT

- **71115.** Provider tax limits.
- **71116.** Limits on state directed payments
- **71117.** Provider tax waivers.

OTHER ACCESS AND OVERSIGHT

- **71106.** Erroneous excess payments
- **71121.** New home care waiver.
- **71401.** Rural Health Transformation

STATE LEGISLATIVE ROLE

Medicaid in 2026 and Beyond



Appropriate

Balance budgets, manage budget uncertainty, oversee costs, invest in systems modernization and long-term solutions.



Oversee

Eligibility, program integrity, delivery systems, value and cost-effectiveness.

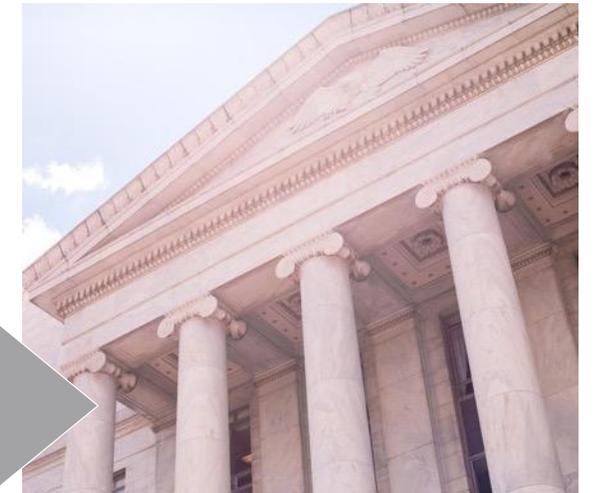
Coordinate

Across intergovernmental and community stakeholders to implement eligibility changes, transition coverage, address economic mobility, and rural health.



Align

Aligning state laws with new federal requirements and adapt laws for fast-moving implementations in Medicaid eligibility and rural health.



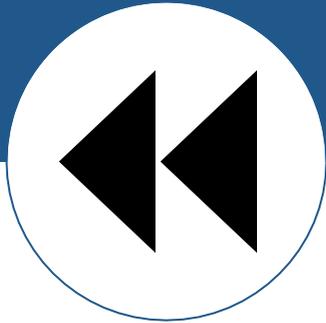
Medicaid Eligibility in 2026

Medicaid Eligibility



What Does OB3 Do?

Retroactive Eligibility, Death Master File, Address Verification



RETROACTIVE ELIGIBILITY

- In **all states**, limits retroactive coverage to one month prior to application for expansion enrollees and two months prior to application for non-expansion enrollees.
- Effective January 1, 2027.



DEATH MASTER FILE

- In **all states**, requires states to review the Death Master File at least quarterly to determine if any Medicaid enrollees are deceased.
- Effective January 1, 2027.



ADDRESS VERIFICATION

- In **all states**, requires states to collect enrollee addresses using reliable data sources, including the National Change of Address Database and managed care organizations.
- Effective January 1, 2027.

What Does OB3 Do?

Non-Citizen Eligibility, Redeterminations, Cost-Sharing



NON-CITIZEN ELIGIBILITY

- In **all states**, some non-citizens with legal immigration status no longer eligible for Medicaid
- Non-citizens no longer eligible include asylees, refugees, and victims of human trafficking and domestic violence.
- Effective October 1, 2026.



SIX MONTH REDETERMINATIONS

- For **expansion states** redetermine eligibility **for the expansion population** every 6 months.
- Effective January 1, 2027.



COST-SHARING

- For **expansion states** implement cost-sharing for the **expansion population**.
- Effective October 1, 2028.
- Some services exempt
- Capped at \$35 per service and 5% of total family income annually.

What Does OB3 Do?

Medicaid Work & Community Engagement Requirements, Effective January 1, 2027

Qualifying Activities

80 hours per month (for 1-3 months):

- Work
- Community Service
- “Work program”

Enrolled in education half time

Any combination of minimum wage x80 hours

Seasonal workers with an average monthly income over 6 months of minimum wage x80 hours

Mandatory Exemptions

Caretaker of dependent child under 13 or person with a disability

Pregnant / postpartum

Foster youth / former foster youth under 26

Medically frail

Participating in substance use treatment

Meeting SNAP / TANF requirements

American Indians and Alaska Natives

Incarcerated or released from incarceration within 90 days

Dually eligible for Medicare

Optional Exemptions

Short-term hardship exceptions for an individual:

- Discharged from certain inpatient care
- In county with federally-declared emergency or disaster
- In county with high unemployment rate
- Traveled for extended period for medical care for self or dependent

State Flexibilities in Implementing Work & Community Engagement

NCSL Webinar: [Medicaid Eligibility Changes in 2026](#)



- Lookback for qualifying activities (1-3 months).
- Consecutive v. nonconsecutive months of qualifying activities.
- Optional short-term hardship exemptions.
- Implementation before Jan 1, 2027.

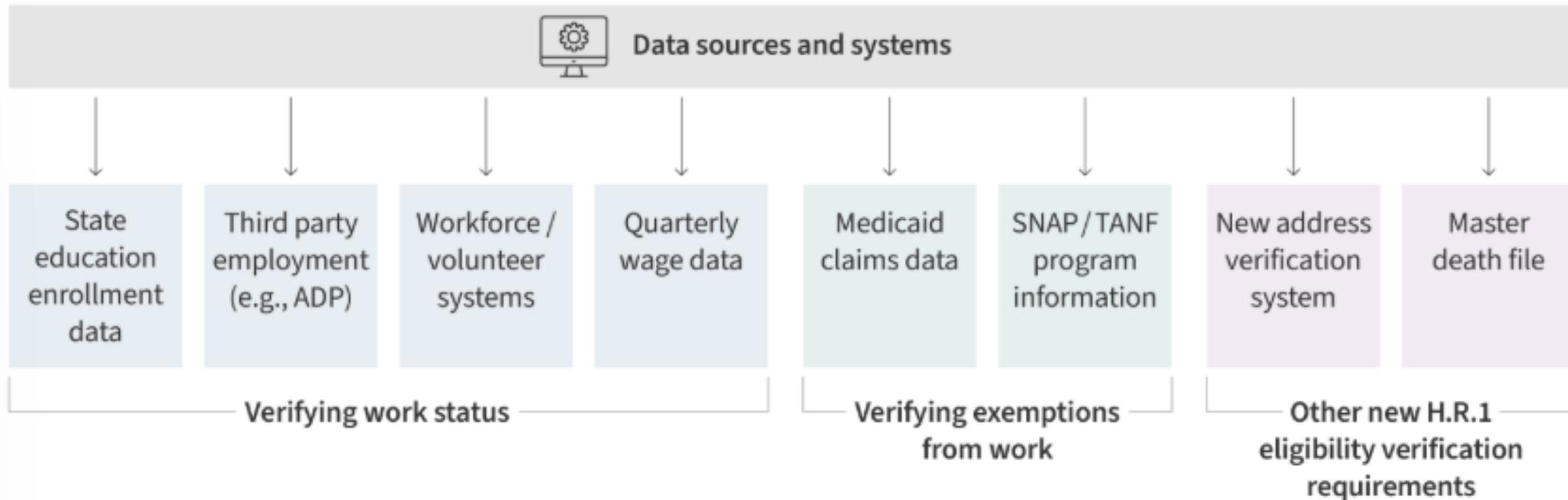
Data Connections for OB3 Eligibility Implementation

Challenges with Implementing Work Requirements: Findings from a Survey of State Medicaid Programs | KFF (2025)

Figure 2

Implementing New H.R.1 Medicaid Work and Other Requirements May Require Connections to Data Sources and Systems

Examples of data source connections for verifying work status, verifying exemptions from work requirements, or meeting other new H.R.1 eligibility verification requirements that may require Medicaid eligibility systems changes



What Does OB3 Do?

Implementation and Program Integrity Considerations

Erroneous Excess Payments

- Erroneous payments above a 3% allowable rate can be recouped by federal government.
 - This includes the state's **payment error rate measurement (PERM)** aka the **improper payment rate**.
- Expands the information used to calculate the rate.
- Effective October 1, 2029.

Accuracy of state implementation of eligibility changes will impact state payment error rate and could trigger recoupments in 2029 and beyond.

Implementation Resources:

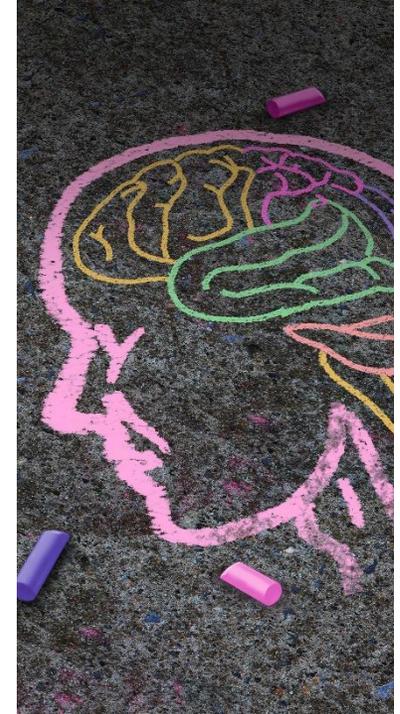
- \$200 million in grants
- 90% federal match for the **design, development, installation and enhancement** of eligibility systems

What to Expect from Medicaid *Eligibility* Changes in 2026



**Implementation
Timeline &
Costs**

**Coverage Loss
& Downstream
Effects**



**Accurate
Determinations
Challenging for
Special Populations**





STATE EXAMPLES

Modernize Systems and Processes



Colorado HB 1162 (2025, Enacted)

Streamlines verification; reduces number of questions used to assess member's need for long-term services.



Missouri SB 45 (2023, Enacted)

Requires state to streamline initial application for Medicaid and other benefits form to one page.



Iowa SB 615 (2025, Enacted)

Created an Information Technology Fund for public benefit system modernization.



Virginia HB 66 (2026, Introduced)

Directs the state agencies to modernize technology systems to administer Medicaid and other programs.

State Examples

Public Reporting



California SB 1289 (2024, Enacted)

Requires public reporting on call center data related to Medi-Cal coverage, including total call volume, average wait times by language, call abandonment rate, etc.



Nebraska LB 777 (2026, Introduced)

Would add public reporting requirements related to state's implementation of work or community engagement, including exemptions, qualifying activities, and re-enrollment.



North Carolina HB 546 (2025, Enacted)

Requires report to legislature on work requirement implementation and funding needs.

State Examples

Coverage Transitions and Economic Mobility

Washington

Employment Status Report

Analyzes employment status and top employers of Medicaid expansion population.



38 States

Have Medicaid premium assistance programs, where Medicaid covers cost-sharing for employer sponsored insurance.

New Hampshire

WorkNowNH

Provides employment support and assistance to Medicaid, SNAP and TANF beneficiaries.



Connecticut

Leveraged transitional medical assistance and subsidized marketplace plans during unwinding.

Nevada

Rev. Stat. 422.27482

Requires the Nevada Office of Analytics to produce an annual report on the employers of Medicaid beneficiaries.



Montana

SB 405

The state-funded HELP-Link program provides voluntary employment supports to Medicaid expansion enrollees; enacted as part of the state's expansion.

STATE EXAMPLES



North Carolina HB 546 (2025)

Requires a report on the eligibility system that allows data sharing between county jails and the Department.

Interagency Coordination; Automated Eligibility and Renewals



Illinois HB 4343 (2022)

Requires the inclusion of older adults and persons with disabilities in ex parte renewals; simplify enrollment in Medicare Savings Program using low-income subsidy data.

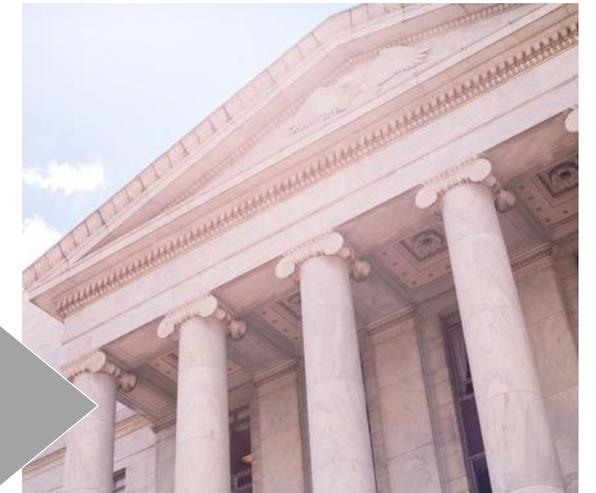
Indiana SB 2 (2025)

Requires Medicaid to check multiple state and federal data sources, including corrections, employment and wage data, and more.



Maine HB 764 (2023)

Requires memo of understanding between counties and health department to assist incarcerated individuals in applying for Medicaid.



STATE EXAMPLES

Beneficiary Communication and Outreach

Beneficiary Advisory Councils can be a resource for states to get real-time feedback from Medicaid beneficiaries.



Illinois HB 4201 (2022)

Requires state universities to designate a benefits navigator to assist students in applying for benefit programs.

Minnesota SB 2265 (2023)

Appropriated funding for navigators in response to the unwinding of the PHE.

Montana HB 601 (2025)

Requires agency to establish online portal for community assisters to help Medicaid applicants and enrollees submit required documents.

State Examples

Advanced Technology and Artificial Intelligence (AI)

- **Arizona** and **Louisiana** use AI chatbots to help Medicaid members and applicants answer common questions.
- **California** automates repetitive tasks, like verifying identity, income and citizenship through cross-checking databases to reduce errors in application processing.
- **Utah, Florida, and Texas** use automated systems, including AI, to process documents and reduce manual review.
- **Maryland** awarded grant funding to develop AI tools to streamline work verification for SNAP and Medicaid and lead a multi-state cohort.

Resources:

- [Work Requirements Implementation Toolkit](#) | Code for America
- [Exploring Artificial Intelligence and Automation in Medicaid](#) | Urban Institute (2025)
- [Leaning Into Advanced Technologies to Support State Implementation of New Federal Medicaid Requirements](#) | Manatt (2025)

Medicaid Eligibility in 2026

Medicaid & Federal Recoupment
Authorities



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Implementation Resources:

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- 90% federal match for the **design, development, installation** and **enhancement** of eligibility systems

Federal Recoupment Authorities and Processes

- [Process and Oversight for State Claiming of Federal Medicaid Funds](#) | MACPAC (2020)
- [42 C.F.R. Part 430, Subpart C](#)



IDENTIFICATION AND CORRECTION

- Program Review
- Federal and State Audits
- Quality Control
- State Corrective Action

FEDERAL ENFORCEMENT

- Deferrals
- Disallowances
- Reduction of Federal Match
- Withholding of Federal Financial Participation

REVIEW AND APPEAL

- Notice
- Reconsideration
- Hearing
- Appeal

ADDITIONAL RESOURCES

- [Medicaid Toolkit](#) | NCSL
- [Health Costs, Coverage and Delivery State Legislation](#) | NCSL Database
- [Balancing State Medicaid Budgets](#) | NCSL
- [The Medicaid Puzzle: Piecing Together Policies for a Balanced Budget](#) | NCSL
- [Medicaid Road Ahead: Policy Options and Budget Impacts](#) | NCSL Webinar Series (2026)





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Reach out anytime!



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Q&A

