Understanding the Implications of H.R. 1 on Medicaid

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August 13, 2026

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Michigan Department of Health & Human Services

Medicaid Background

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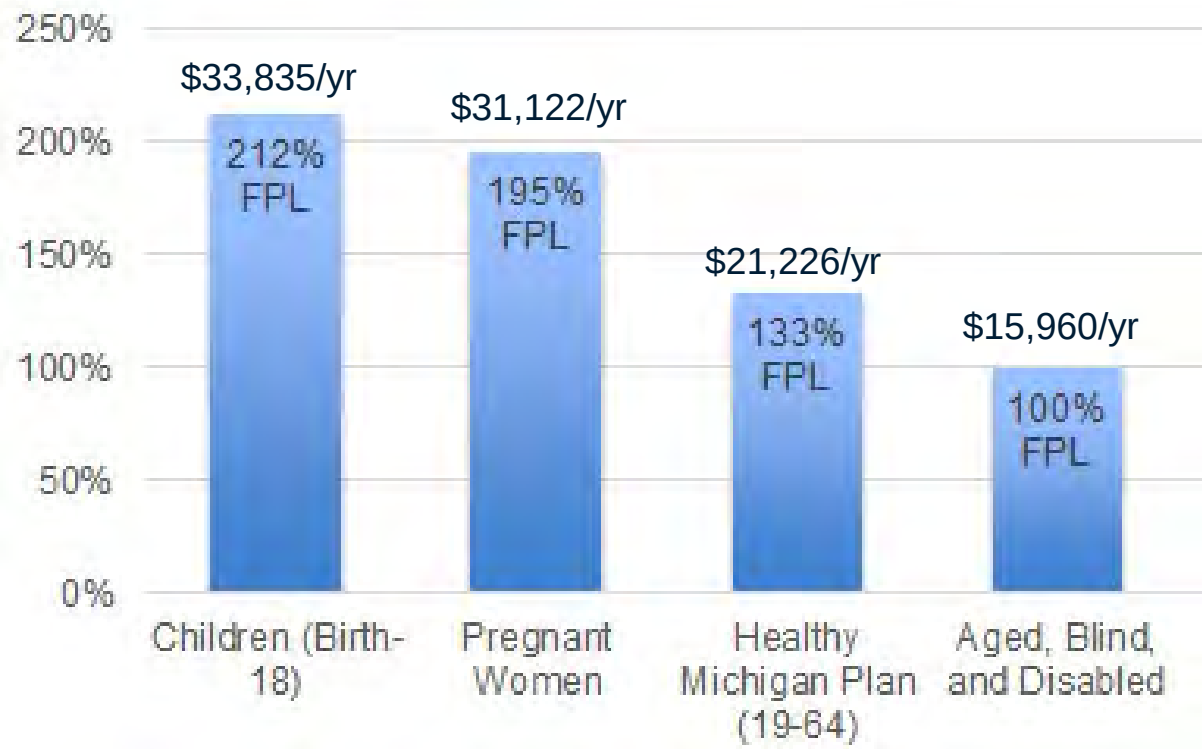
Medicaid Program Background

- Medicaid is the **largest health insurance program** in the U.S.
- A means-tested entitlement program providing **comprehensive health coverage for eligible populations**, including:
  - Low-income children and families.
  - Elderly and disabled individuals.
  - Pregnant women.

Medicaid Income Limit by Population



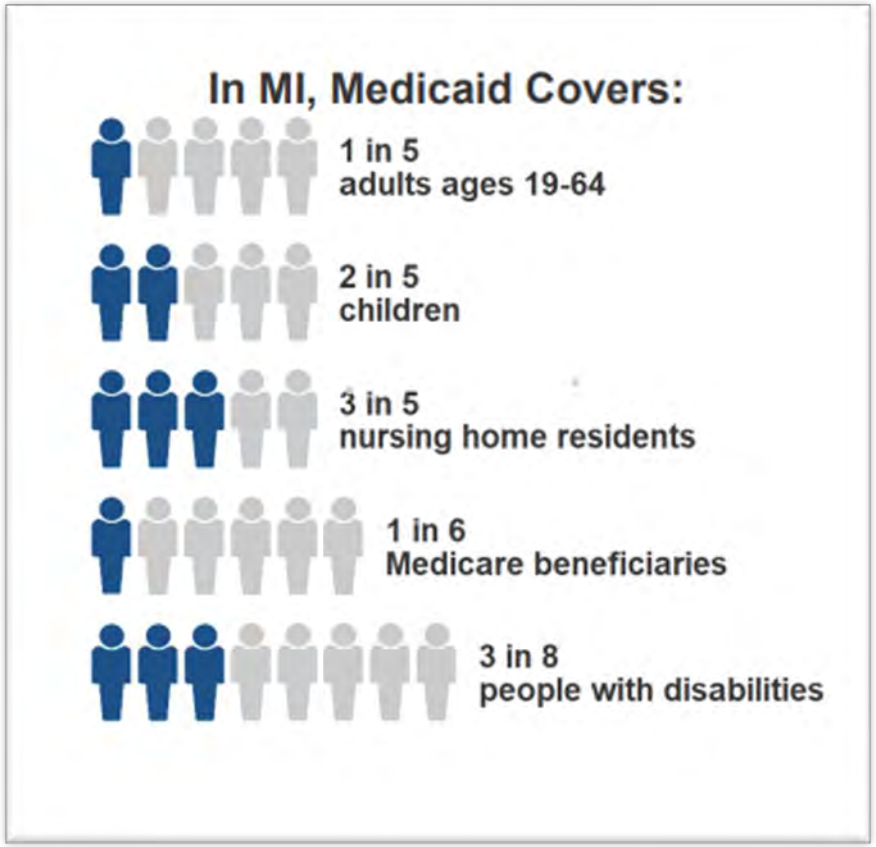
Michigan's Medicaid Program has a Vast Reach

Medicaid covers one in five individuals living in the U.S. In Michigan, the coverage rate is even higher- **one in four Michiganders**.

In FY26, Michigan's Medicaid program afforded health coverage to more than **2.5 million Michigan residents** each month, including:

- Nearly **890,000 children**;
- **230,000 people** living with **disabilities**;
- **176,000 seniors**; and
- More than **687,000 adults** in the **Healthy Michigan Plan**.

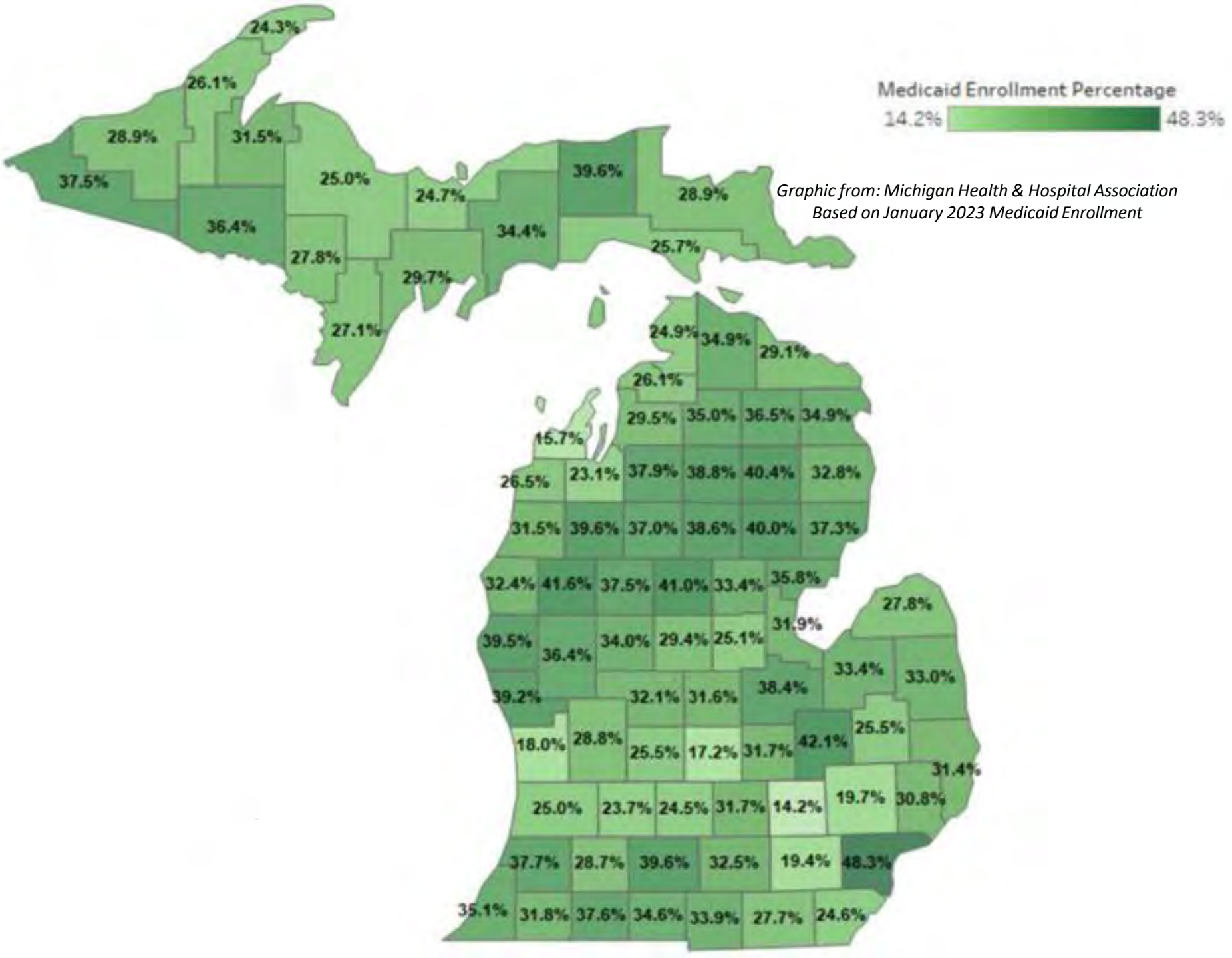
45% of births in Michigan are covered by Medicaid.



Graphic from: Kaiser Family Foundation
August 2024 Michigan Fact Sheet

Medicaid Enrollment

Percentage of County Population



Graphic from: Michigan Health & Hospital Association
Based on January 2023 Medicaid Enrollment

H.R. 1 Background

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What is H.R. 1?

- H.R. 1 was a billed passed by Congress and signed by President Trump July 4, 2025.
- The bill made significant changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) program.
- H.R. 1 may also be known by other names:
  - One Big Beautiful Bill Act (OBBBA).
  - Working Families Tax Cut Legislation.
  - Public Law 119-21.
- For simplicity, MDHHS refers to the bill as H.R. 1.

Major Eligibility Changes

New Work Requirements

- Applies to many Healthy Michigan Plan (HMP) enrollees 19-64.
- Must work, train or volunteer at least 80 hours for one month.
- Non-compliance will lead to loss of coverage.

Effective Date:
January 1, 2027

Six-Month Redeterminations

- Eligibility checks for HMP now every six months instead of annually.
- Increased risk of coverage interruptions due to paperwork gaps.

Effective Date:
January 1, 2027

Retroactive Eligibility Limited

- No more 90-day retroactive coverage.
- HMP: One month prior to application.
- Other Medicaid enrollees: Two months prior to application.

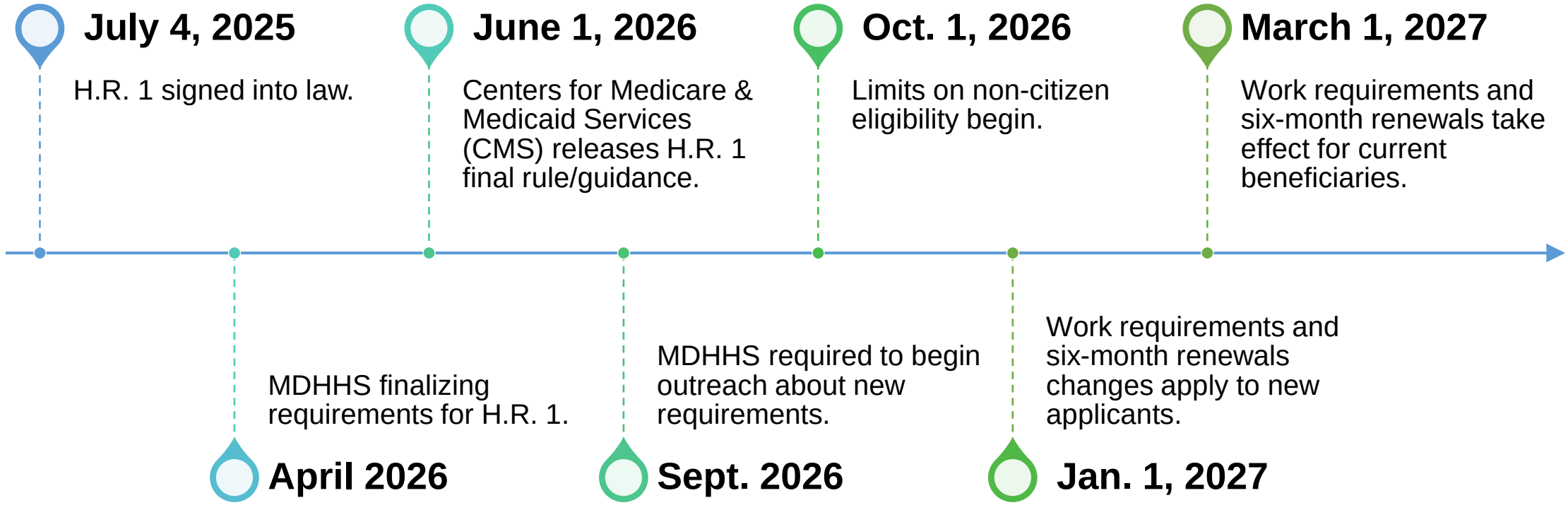
Effective Date:
January 1, 2027

Limits on Non-Citizen Eligibility

- Fewer pathways to coverage for lawfully present non-citizens.
- Affected individuals will lose full coverage → move to Emergency Services Only (ESO) coverage.

Effective Date:
October 1, 2026

Important H.R. 1 Dates



Deep Dive into Medicaid Provisions in H.R. 1

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Work Requirements

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Medicaid Work Requirements

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Applies to Healthy Michigan Plan enrollees ages 19-64.

Qualifying activities:

- Work.
- Community service.
- Participation in work program.
- At least half-time enrollment in school.

Requirement of 80 hours of qualifying activities can be in combination with each other:

- One month prior to application.
- One month in between renewal months.

Exemptions for certain individuals who may be excused from having to meet work requirements. This can include:

- Pregnant individuals.
- Member of Tribes.
- Medically frail.
- Disabled veterans.
- Parent, guardian or caretaker of a dependent children under age 13 or disabled individuals.

A full list of those excused from work requirements and what documentation is required will be available at Michigan.gov/HealthyMichiganPlan.

Deep Dive: Medicaid Work Requirements

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Qualifying Activities

80 hours per month of:

- Work.
- Community service: public or nonprofit organization.
- Participation in a work program.

- Half time + enrollment in an education.
- Any combination of the above totaling 80 hours per month.
- Monthly income that is not less than the federal minimum wage x 80 hours ($580/month).
- Seasonal worker with an average monthly income over the preceding six months that is not less than the federal minimum wage x 80 hours.

Exemptions

Parent, guardian, or caretaker of:

- Dependent children under age 13.
- Disabled individuals.

- Pregnant or postpartum individuals.
- Foster youth or former foster youth under age 26.
- Medically frail.
- Participating in a substance use disorder (SUD) program.
- Meeting SNAP/TANF work requirements.
- American Indians and Alaska Natives.
- Disabled veterans.
- Incarcerated or released from incarceration within the past 90 days.

Hardship Exceptions

Individuals who were in:

- Inpatient hospital.
- Nursing facility.
- Intermediate care facility.
- Inpatient psychiatric hospital.

- Individuals who reside in a county with:
  - A federally-declared emergency or disaster.
  - High unemployment - above 8% or 1.5× national rate.
- Individuals who traveled outside their community for extended medical care for self or dependent.

Medical Frailty Definition

- An individual who is medically frail or otherwise has special medical needs:
  - who is blind or disabled;
  - with a substance use disorder;
  - with a disabling mental disorder;
  - with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or
  - with a serious or complex medical condition.
- Significantly impairs the individual's ability to comply with work requirements.
  - Even if someone qualifies as medically frail, if they can perform tasks that comply with activities related to work requirements, they may be obligated to do so.
- State must take the severity, or acuity, of an individual's condition into consideration when determining if they are medically frail.
- CMS has indicated that it does not intend to provide states with flexibility to add other types of individuals to the definition of medical frailty, beyond those listed in the statute.

Work Requirement Verification

MDHHS will check if a beneficiary met the work requirements when they:

- Apply for Medicaid.
- Renew their Medicaid coverage.

This check will be part of their regular eligibility review.

Six Month Renewals

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Six-Month Renewals: What Changes

Six-Month Renewals

- Beginning in 2027, HMP enrollees must renew coverage every six months instead of annually.
- Six-month renewals apply to nearly all HMP enrollees; the only exemption is for American Indians and Alaska Natives.
  - Those receiving exemptions/exclusions from work requirements will still be required to complete their renewal every 6 months.

Six-Month Renewal Timing

- First six-month renewal cohort: **March 2027**

Retroactive Coverage Limits

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Retroactive Coverage Limits

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Starting **January 2027**

- Individuals who apply for Medicaid or forget to turn in a piece of paperwork and have a gap in coverage will see a change in how far coverage can go back (called retroactive coverage).

- **HMP**: Will cover one month back instead of three months.
- **Other Medicaid Programs**: Will cover two months back instead of three months.

Lawfully Present Non-Citizen Eligibility

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Non-Citizen Eligibility

- Beginning **October 2026**, some people who are legally residing in the U.S., but are not citizens, will not qualify for full Medicaid coverage.

Remain Eligible	No Longer Eligible
• Lawful permanent residents (generally subject to a five-year waiting period). • Cuban/Haitian Entrants. • Compact of Free Association (COFA) migrants.	• Refugees. • Humanitarian parolees. • Asylum grantees. • Certain abused spouses and children. • Victims of human trafficking.

Anticipated Impacts

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Impacts of H.R. 1 on MDHHS Staff

Central Office

- Significant IT upgrades to Bridges eligibility system to meet Minimum Viable Product specifications.
- Outreach and education to beneficiaries, providers and community partners on H.R. 1.
- Increased mailing outreach required because of eligibility changes due to work requirements and 6-month renewals.
- Increased opportunity for oversight and program coordination.

Local Office

- Double workload: processing renewals twice a year.
- Substantial new outreach to beneficiaries by staff.
- Increased administrative burden of reviewing new forms, self attestations and other compliance documents.
- Administration of fair hearings for beneficiaries.

Impact of Eligibility Provisions

What's at stake for Michigan:

- Significant new administrative costs to support implementation needs, including system upgrades, staffing and compliance efforts.
- Potential loss of coverage for more than **200,000** individuals.

Significance of these changes:

Administrative Burden = Coverage Loss
Many enrollees meet requirements, but may lose coverage due to complex paperwork and red tape.

Higher Churn Rates → Delayed Care
Frequent churn caused by paperwork issues disrupts care continuity, hinders access and leaves individuals vulnerable during medical emergencies.

Rising Uninsured Rates
Parallel Affordable Care Act changes limiting Marketplace access could leave many individuals without access to coverage, driving up the uninsured rate across the state.

Increased Uncompensated Care and Medical Debt
Hospitals and local safety nets will be forced to absorb the costs of caring for those who have lost coverage, while patients face unaffordable bills and medical debt.

Communications & Outreach

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Communications Plan

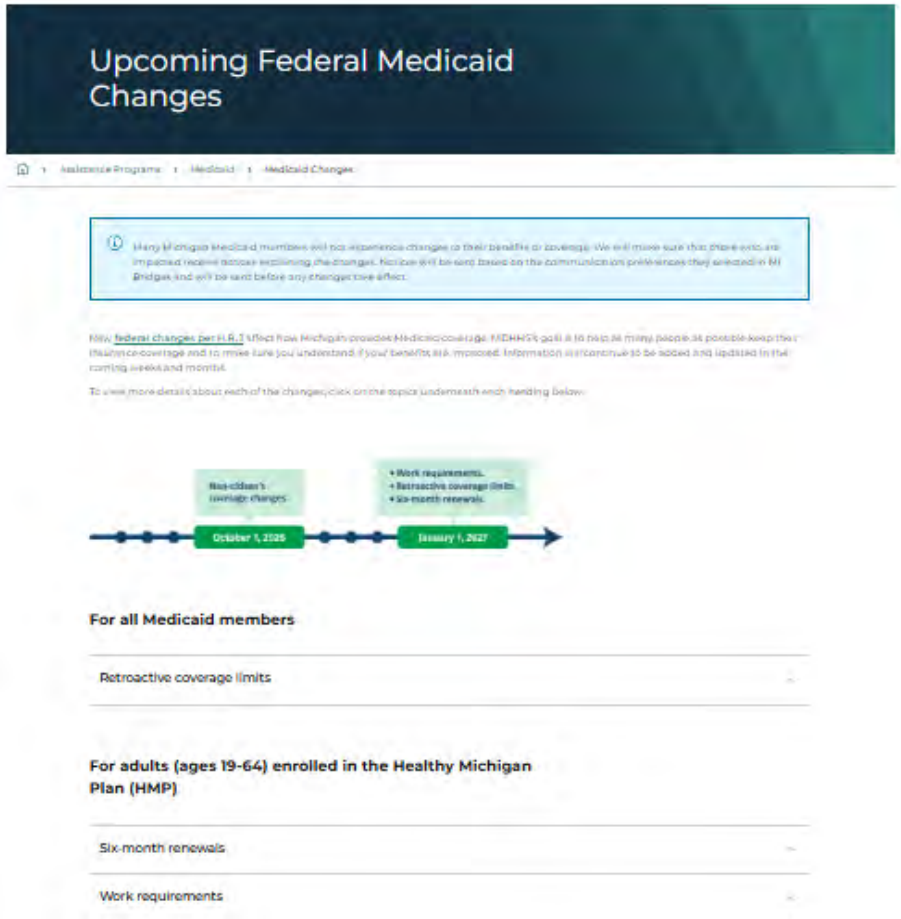
MDHHS will implement a communications plan with several key goals for informing beneficiaries and partners about the upcoming changes, with emphasis on HMP Work Requirements. Goals include:

Support Beneficiaries	Equip Community Partners	Prepare Local Office Staff
• Help beneficiaries understand upcoming changes, including Work Requirements and renewal expectations.	• Provide partners with clear messaging, materials, and resources to support outreach and navigation.	• Build awareness and readiness to support consistent implementation and respond to beneficiary questions.

Beneficiary Engagement

Communication	Purpose	Timing
CMS/MDHHS Email and Text Campaign	Email and text message campaign in partnership between CMS and MDHHS to bring early awareness to the upcoming work requirement changes. The campaign is sponsored through CMS.	Beginning week of July 6, 2026
Awareness Letter	A letter to inform individuals with HMP coverage that they could be impacted by the upcoming changes. This letter will also remind beneficiaries to keep their information up to date in MIBridges or by contacting their local office	Beginning week of July 13, 2026
Formal Notice	A formal notice that provides all information required by HR1. A copy of this notice will also be populated on the MDHHS website.	Beginning late August/September 2026

Community Partner Resources



- Medicaid HR1 Information Hub webpage: Upcoming Federal Medicaid Changes
- Community Partner Toolkit
- Facts about Changes to Medicaid and Supplemental Nutrition Assistance Program: English | Spanish | Arabic

Questions?

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