



Impact of Congressional Budget on Maryland Medicaid Program

As of June 30, 2025, Maryland Medicaid covers 1,508,710 participants, including 331,577 adults who qualify under the Affordable Care Act (ACA) expansion. H.R. 1 – One Big Beautiful Bill Act (OBBBA) passed by Congress and signed into law by President Trump will have **substantial impacts** on Marylanders.

Key Impacts of OBBBA on Maryland Medicaid:

- **Major coverage losses:** **175,000 Marylanders** are projected to lose coverage.
- **Significant funding cuts:** In the future, Maryland will lose **up to ~\$2.7 billion** in federal funding annually when all bill provisions are implemented – note all provisions have varied implementation dates and are not necessarily immediate (FY26 - FY34). The majority of funding losses will be incurred over two years, beginning in FY 27 and FY 28 (period between July 2026 - June 2028).
- **Substantial new costs:** **Tens of millions of dollars** needed to implement and administer OBBBA requirements, particularly those pertaining to eligibility changes such as work requirements.

	Policy	Effective Date	Impact on Maryland
Restriction on payment for services	Restricts federal funding to non-profit, essential community providers who deliver family planning and abortion services, primarily Planned Parenthood clinics.	July 4, 2025- July 4 , 2026	<u>Federal funding lost:</u> more than \$2.7 million <i>*Note as of 7/14: a recent Temporary Restraining Order (TRO) on 7/7/2025 enables funding to continue at this time. The Department is working closely with impacted providers on next steps.</i>
Provider Taxes	Freezes implementation of new provider taxes and makes changes to ensure taxes meet certain criteria.	July 4, 2025	<u>Three provider taxes in Maryland may be impacted:</u> <ul style="list-style-type: none"> • Maryland will need to work with CMS to ensure current assessments –

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			<p>Hospital Assessment, Nursing Facility Assessment, MCO Assessment – meet all criteria of the bill to be “grandfathered” by CMS</p> <p><u>Federal funding at risk:</u> \$1.17 billion annually</p>
Immigrant Eligibility Changes	<p>Limits coverage to legal permanent residents, certain Cuban/Haitian immigrants, and individuals living in the U.S. through Compacts of Free Association. At least 60,000 participants, including refugees and asylees, covered today will lose benefits.</p> <ul style="list-style-type: none"> <i>States continue to have the option to provide coverage for pregnant women or children in these categories. Emergency Medicaid is not impacted.</i> 	Oct. 1, 2026	<p><u>Impact on Marylanders:</u> At least 60,000 participants may lose benefits (Migration Policy Institute (MPI))</p>
Work Requirements	<p>Establishes work requirements for ACA expansion adults aged 19-65 for 80h/mth. Includes certain categorical and optional exemptions.</p>	Dec. 31, 2026	<p><u>Impact on Marylanders:</u> New requirements will apply to the 331,577 adults who qualify under the Affordable Care Act.</p> <p><u>Substantial new costs:</u> Potentially tens of millions of dollars needed to implement and administer</p>
Retroactive Coverage	<p>Reduces retroactive coverage from three months to one month prior to application for ACA expansion adults and two months for all other participants.</p>	Dec. 31, 2026	<p><u>Impact on Marylanders:</u> Increases the risk of uncompensated care and places financial burden on families.</p> <p><u>Federal funding lost:</u> \$3.1 million annually</p>

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Renewals	Requires eligibility renewals for ACA expansion adults every 6 months.	Jan. 1, 2027	<p><u>Impact on Marylanders:</u> New requirements will apply to the 331,577 adults who qualify under the Affordable Care Act.</p> <p><u>Substantial new costs:</u> Tens of millions of dollars needed to implement and administer</p>
State Directed Payments (SDPs)	Eliminates use of SDPs to establish rates above Medicare rates, with temporary grandfathering of certain SDPs. Expected to impact AHEAD model provider payments.	Jan. 1, 2027	<p><u>Existing programs at risk:</u></p> <ul style="list-style-type: none"> • \$27 million for Primary Care Investment to support Medicaid access to preventive and primary care through AHEAD model. • \$25 million for the Maryland Quality Improvement Program (M-QIP). <p><u>Federal funding at risk:</u> \$52 million annually</p>
Cost-Sharing Requirements	Mandates imposition of cost-sharing for ACA expansion adults, not to exceed 5% of total income. Certain services are exempt from these requirements.	Oct. 1, 2028	<p>Participants currently pay copays of \$1 or \$3 for prescription drugs.</p> <ul style="list-style-type: none"> • It is unclear at this time if these copays meet this requirement. • Upwards of 330,000 ACA expansion adults may experience increased cost-sharing in the event that this requirement is not met by current copays. <p><u>Substantial system changes</u> are required to track expended copays and ensure cost sharing does not exceed 5% of an individual's income.</p>

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Erroneous Payments	Expands federal governmental authority to take back funding due to federal <i>or state</i> audit findings, even when the state is operating in good faith to address the errors.	Oct. 1, 2028	Indeterminate but potentially significant fiscal impact.