

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1331 (Delegate Grammer, *et al.*)  
Appropriations and Health

---

Maryland Department of Health and Department of Human Services - Public  
Benefits - Eligibility and Prohibitions

---

This bill requires the Maryland Department of Health (MDH) and the Department of Human Services (DHS) to enter into data-sharing agreements with federal and State agencies to conduct specified reviews related to Medicaid and Supplemental Nutrition Assistance Program (SNAP) recipients. DHS, in consultation with law enforcement, must conduct annual on-site inspections of retail facilities accepting Electronic Benefits Transfer (EBT) card transactions to identify potential fraud. MDH must apply for a specified federal waiver. MDH and DHS must post on their websites quarterly reports on investigations and compliance findings relating to Medicaid and SNAP fraud. The bill also limits how MDH and DHS can determine eligibility for Medicaid and SNAP, including codifying certain provisions contained in the federal One Big Beautiful Bill Act of 2025 (OBBBA). MDH and DHS must adopt regulations to carry out certain provisions of the bill. The bill includes a severability provision. **The bill takes effect July 1, 2026.**

---

**Fiscal Summary**

**State Effect:** MDH expenditures (50% general funds, 50% federal funds) increase by a significant amount beginning in FY 2027, as discussed below; federal fund revenues increase accordingly. General fund expenditures further increase by a significant amount beginning in FY 2027 due to impacts on other affected agencies, including DHS, as further discussed below. To the extent individuals are disenrolled from Medicaid or SNAP under the bill, general/federal fund expenditures and federal fund revenues or federal fund revenues and expenditures decrease, respectively.

**Local Effect:** The bill is not anticipated to materially impact local government finances or operations.

**Small Business Effect:** Potential meaningful.

---

## Analysis

### Bill Summary:

#### *Memoranda of Understanding for Data Sharing*

MDH must establish memoranda of understanding (MOUs) with federal and State agencies to facilitate data sharing to conduct:

- monthly death record reviews using the Vital Statistics Administration (VSA) database to identify deceased individuals who are Medicaid recipients;
- quarterly reviews, in consultation with the Maryland Department of Labor (MD Labor), to determine the effect of employment or wage changes on the continuing eligibility of Medicaid recipients;
- quarterly reviews of tax filings from the Comptroller to verify employment, income, and residency changes of Medicaid recipients;
- annual reviews of information from the Internal Revenue Service that may affect the eligibility of Medicaid recipients, including tax filings, adjusted gross income data, and family composition data;
- monthly reviews of incarcerated individuals, in consultation with the Department of Public Safety and Correctional Services (DPSCS), to ensure that incarcerated individuals are not receiving Medicaid benefits;
- monthly reviews of information from the federal Social Security Administration (SSA) that may affect the eligibility of Medicaid recipients, including information about income, death, incarceration, Supplemental Security Income (SSI), beneficiary records, and pensions;
- twice-monthly reviews of unemployment insurance (UI) benefits records, in consultation with MD Labor, to verify changes in employment or income that might affect the continuing eligibility of Medicaid recipients using specified federal records, directories, and data;
- monthly reviews of address information to determine Medicaid recipient residency that may affect continuing eligibility using returned mail, U.S. Postal Service (USPS) change of address data, and managed care organization (MCO) enrollee address data;
- monthly reviews, in consultation with DHS, of out-of-state EBT card transactions to verify that individuals receiving public assistance reside in the State; and
- quarterly reviews of compliance with specified work requirements using wage and income data, educational training program enrollment data, and volunteer service documentation.

DHS must establish MOUs with federal and State agencies to facilitate data sharing to conduct:

- monthly death record reviews using the VSA database to identify deceased individuals receiving SNAP benefits;
- quarterly reviews, in consultation with MD Labor, to determine the effect of employment or wage changes of households receiving SNAP benefits;
- monthly reviews of out-of-state EBT card transactions to verify that individuals receiving SNAP benefits reside in the State;
- quarterly reviews of tax filings from the Comptroller to identify income changes of households receiving SNAP benefits;
- monthly reviews of incarcerated individuals, in consultation with DPSCS, to ensure that incarcerated individuals are not receiving SNAP benefits and determine the effect of an individual's incarceration on households receiving SNAP benefits;
- twice-monthly reviews of UI benefits records, in consultation with MD Labor, to verify changes in employment or income eligibility of a household receiving SNAP benefits using specified federal records, directories, and data; and
- monthly reviews of address information to determine changes in residency that may affect continuing eligibility for SNAP recipients using returned mail and USPS change of address data.

### *Lottery Winnings*

MDH and DHS must enter into agreements with the State Lottery and Gaming Control Agency (SLGCA) to identify the names of each Medicaid and SNAP recipient who has won a prize of \$600 or more. DHS must investigate whether a household exceeds resource eligibility limitations under federal law and regulations.

### *Third-party Contracting*

MDH and DHS may contract with a third party to conduct database searches for information that may affect program eligibility.

### *Federal One Big Beautiful Bill Act of 2025 – Medicaid*

The bill codifies several Medicaid provisions from OBBBA into State law (in some cases, in different or more restrictive ways), including the provisions discussed in additional detail below.

- **Eligibility Redetermination:** Under OBBBA, federal Patient Protection and Affordable Care Act (ACA) expansion population adults must have their eligibility

redetermined every six months. However, the bill requires MDH to conduct eligibility redeterminations for all nonelderly adult Medicaid recipients whose eligibility is determined based on modified adjusted gross income (MAGI) standards every six months (unless otherwise prohibited by law).

- **Prohibition on Self-attestation:** Unless required by federal law, MDH may not accept self-attestation of information for purposes of determining income, identity, residency, household composition, citizenship status, immigration status, education or training program enrollment, volunteer service, or other eligibility factors.
- **Retroactive Eligibility:** MDH must limit retroactive eligibility to (1) one month for individuals eligible as part of the ACA expansion population and (2) two months for all other individuals. These limitations apply only to initial applications and may not be construed to affect eligibility for continuous or ongoing coverage. Although not part of OBBBA, the bill requires MDH to notify applicants and providers of changes in retroactive eligibility policy and ensure compliance with all federal and State requirements regarding notice and due process. Furthermore, the bill authorizes any taxpayer in the State to bring an action to enforce retroactive eligibility provisions. An action for a declaratory judgment or injunctive relief may be brought against MDH for violating these eligibility provisions.
- **Work Requirements:** By December 31, 2026, MDH must implement work requirements for all applicable Medicaid recipients, including requiring documentary evidence of compliance. MDH may not approve an exemption for a medically frail individual or an individual with special medical needs unless the individual has been certified by a health care professional as having a disabling mental disorder; a physical, intellectual, or developmental disability that significantly impairs the individual's ability to perform activities of daily living; or is in treatment for a chronic substance use disorder. MDH may not (1) expand the medically frail or special medical needs exemptions; (2) seek or implement additional exemptions unless specifically authorized; or (3) authorize an MCO to determine if a Medicaid recipient is exempt. MDH must terminate the eligibility of a recipient who fails to comply with work requirements. OBBBA does not require that an exemption be certified by a health care provider and instead allows states to use Medicaid claims data to identify individuals who are medically frail. OBBBA additionally includes optional short-term exemptions from work requirements (which MDH plans to implement). The bill does not permit these short-term exemptions. While OBBBA requires states to verify compliance every six months (unless a state chooses to do so more frequently), the bill requires MDH to conduct quarterly compliance checks.

- **Eligibility and Immigration Status:** MDH may not provide Medicaid coverage to an individual unless the individual is a “qualified citizen” (a citizen or U.S. national; an alien lawfully admitted for permanent residence; an alien granted the status of Cuban or Haitian entrant; or an individual lawfully residing in the United States in accordance with a Compact of Free Association). While OBBBA exempts pregnant women and children from immigration provisions, those exemptions are not reflected in the bill. MDH must include an immigration status field on all applications; verify whether an individual is a qualified citizen before Medicaid enrollment; and conduct regular crosschecks of applicant and recipient information. Furthermore, MDH must require that the income of ineligible household members be included when calculating financial eligibility for Medicaid. These provisions may not be construed to affect coverage for emergency medical services as required under federal law. MDH must also promptly refer all applicants identified as not having lawful immigration status to appropriate federal authorities.

*Federal One Big Beautiful Bill Act of 2025 – Supplemental Nutrition Assistance Program*

The bill codifies several SNAP provisions from OBBBA into State law, including:

- **Eligibility and Immigration Status:** An individual may not receive SNAP benefits unless the individual is a U.S. citizen or national; an alien lawfully admitted for permanent residence; an alien who has been granted the status of Cuban or Haitian entrant; or an individual lawfully residing in the United States in accordance with a Compact of Free Association. DHS must verify that an individual is eligible to receive SNAP benefits by requiring an individual to demonstrate proof of citizenship or eligible alien status by providing documentation (including a birth or hospital record, a voter registration card, a U.S. passport, and U.S. Customs and Immigration Service documentation). If an individual is eligible to receive SNAP benefits and is not a U.S. citizen or national, DHS must verify the individual’s status using the Systematic Alien Verification for Entitlements online service. On a monthly basis, DHS must assess the continued eligibility of an individual who is not a U.S. citizen or national, as specified.

*Waiver for Lockout Period for Failure to Report Change in Eligibility*

MDH must seek a federal § 1115 waiver to impose a six-month lockout period for Medicaid recipients ages 19 to 64 who fail to report a change in eligibility. Individuals who are pregnant or designated as disabled by a governmental entity are exempt from this lockout.

### *Individuals Enrolled in Medicaid in Multiple States*

By October 1, 2029, MDH must submit Medicaid recipient information on a monthly basis to the federal Centers for Medicare and Medicaid Services national Medicaid enrollment database to identify individuals enrolled in Medicaid in multiple states at the same time.

### *Annual Reporting on Medicaid*

Annually by August 31, MDH must report to the General Assembly on (1) the number of Medicaid recipients disenrolled following a review of address change information or out-of-state electronic benefit transactions; (2) the number of Medicaid recipients disenrolled due to enrollment in multiple states; and (3) the estimated fiscal impact to the State as a result of disenrolling those Medicaid recipients. MDH must also report on the implementation and impact of retroactive benefits limitations, including (1) the number of Medicaid applications processed for the expansion population and the nonexpansion population; (2) the number of Medicaid recipients denied retroactive benefits beyond the limitations; and (3) the estimated fiscal impact of the limitations on retroactive benefits on Medicaid. Both reports must be made publicly available on the MDH website.

Beginning March 31, 2027, and on a quarterly basis thereafter, MDH must report to the Governor and the General Assembly on the number and type of work requirement exemptions granted and the impact of those exemptions on Medicaid enrollment.

### *Supplemental Nutrition Assistance Program Requirements and Prohibitions*

When determining eligibility for SNAP benefits, DHS may not, unless required by federal law, (1) apply categorical eligibility; (2) apply a higher gross income eligibility standard than that under federal law; or (3) allow financial resources greater than under federal law.

If DHS receives information about a change in circumstances that may affect SNAP eligibility, it must review the individual's or household's eligibility.

DHS must assign regular recertification periods of at least three but not more than four months to households with zero net income that include an able-bodied adult without dependents (ABAWD) and whose circumstances are determined by DHS to be unstable.

### *Reporting Change in Eligibility for the Supplemental Nutrition Assistance Program*

A household eligible to receive SNAP benefits under federal and State law must report a change in circumstances affecting eligibility within 10 days.

### *Reporting to the U.S. Department of Agriculture*

DHS must submit to the U.S. Department of Agriculture information concerning any individual for whom DHS is unable to verify eligible immigration status, regardless of whether the individual is applying for SNAP benefits.

### *Income and Financial Resources of Ineligible Individuals*

When determining the eligibility and benefit amount for any household applying for SNAP benefits, DHS must include the income and financial resources of any individual in the household who is ineligible to receive SNAP benefits.

Notwithstanding any options provided under federal law, DHS may not prorate or exclude the income or financial resources of ineligible individuals.

### **Current Law:**

#### *Medicaid*

Medicaid is a comprehensive health care program for indigent and medically indigent individuals. Medicaid generally provides coverage to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. Based on Maryland's federal medical assistance percentage, which varies depending on a state's per capita income relative to the national average, the federal government generally covers 50% of Medicaid costs. To qualify for Medicaid, applicants must pass certain income and asset tests. Eligibility for Medicaid is determined by staff in MDH, DHS, and the Maryland Health Benefit Exchange.

To receive federal Medicaid reimbursement, states must operate a fraud, waste, and abuse prevention and detection system. MDH's Office of the Inspector General (OIG) reports annually to the General Assembly on investigated cases as well as cases moving forward for prosecution. Federal law requires states to review Medicaid eligibility once every 12 months for beneficiaries whose eligibility is based on MAGI and at least once every 12 months for non-MAGI beneficiaries. Additionally, Maryland has adopted 12-month continuous eligibility for children and pregnant women. At both application and renewal, MDH and its partners leverage a variety of data sources to confirm eligibility, including but not limited to State wage and asset databases, Internal Revenue Service tax information, the Federal Data Services Hub, BEACON (Maryland's UI system), the State Verification and Exchange System, State Online Query Internet, the National Directory of New Hires, VSA, DPSCS, the Work Number database, and SSA earnings and death records.

Generally, Medicaid payment is not available for incarcerated individuals while they are in DPSCS custody. Medicaid payment is available when an inmate is an inpatient in a medical institution not under the control of the correctional system. Incarcerated individuals nearing release are enrolled in Medicaid to ensure access to community services post release. In addition, individuals who have been granted parole, medical parole, or court release may receive Medicaid.

### *Supplemental Nutrition Assistance Program*

SNAP is a federally funded benefit that helps low-income households purchase food. Program rules and requirements are issued by the federal government, while administrative costs are split equally between the State and federal government. Participants must meet income and resource requirements. Households receiving or authorized to receive Temporary Cash Assistance, SSI, Temporary Disability Assistance Program, Public Assistance to Adults, or Temporary Assistance to Needy Families-funded services or benefits are categorically eligible for SNAP benefits. Noncategorically eligible households are subject to eligibility requirements, including resource and income limits.

### *Federal One Big Beautiful Bill Act of 2025*

OBBBA was enacted on July 4, 2025, and makes substantial changes to the Medicaid and SNAP programs.

Major provisions in OBBBA impacting Medicaid include:

- **Work Requirements:** OBBBA establishes an eligibility requirement, effective January 1, 2027, for ACA expansion adults (with some exceptions) to work or participate in educational, volunteer, or work programs for 80 hours per month or report income of at least \$580 per month.
- **Increased Eligibility Redeterminations:** OBBBA requires Medicaid programs, effective January 1, 2027, to redetermine eligibility for ACA expansion adults at least once every six months (rather than once a year).
- **Coverage of Qualified Immigrants:** OBBBA changes eligibility to exclude certain lawfully present individuals (refugees, asylees, and other humanitarian parolees), effective October 1, 2026.
- **Retroactive Coverage:** OBBBA reduces retroactive coverage of medical expenses incurred prior to enrollment from three months to one month for ACA expansion adults and from three months to two months for all other eligibility groups.

Major provisions in OBBBA impacting SNAP include:

- **Work Requirements:** OBBBA increases the age range for ABAWD work requirements to be applicable to individuals ages 18 to 64 and removes exemptions for veterans, people experiencing homelessness, and young adults formerly in foster care. The exemption from work requirements for caring for a dependent child now applies only to parents with a child younger than 14 (reduced from 18). Furthermore, states can only receive a waiver of the ABAWD three-month time limit in areas where unemployment is greater than 10%.
- **Noncitizen Eligibility:** OBBBA removes eligibility for refugees and asylees. Individuals remain eligible without a waiting period if they are Cuban or Haitian entrants or residents under a Compact of Free Association. Lawful permanent residents remain eligible after a five-year waiting period. DHS began implementing this change for new applications and redeterminations completed on or after November 1, 2025.

#### *Department of Human Services Fraud Prevention Efforts*

Under Maryland regulations, OIG within DHS must identify, investigate, and resolve suspicions of fraud, waste, and abuse. The Program Fraud Division investigates suspected fraud within DHS programs, including program applications, redeterminations, and open cases. The DHS OIG currently receives lottery match data from SLGCA to determine program eligibility and collaborates with the MDH OIG in Medicaid cases.

#### *Lottery Winnings*

SLGCA advises that an individual who wins a lottery prize of \$600 or more must provide proof of the individual's Social Security Number (or federal Tax Identification Number) as well as photo identification to prove that the individual is at least age 18. SLGCA transfers an electronic file to DHS quarterly of all claimants who won a prize of \$600 or more. DHS uploads the file to determine if there is a match to anyone receiving public benefits. If there is a match, DHS conducts an investigation and reduces the individual's public benefits as warranted.

#### **State Fiscal Effect:**

#### *Maryland Department of Health*

MDH advises that the bill requires substantial changes to Medicaid eligibility, enrollment, and redetermination processes. More frequent eligibility checks and reenrollment activities, including those associated with lockout periods, have a significant fiscal and

administrative impact on MDH. MDH expenditures increase by *at least* \$14.7 million (50% general funds, 50% federal funds) in fiscal 2027 to implement the bill's requirements (which reflects personnel needs only), as described below.

- MDH anticipates the need for an estimated 180 new positions to support increased redetermination and reenrollment procedures at an estimated cost of \$14.7 million in fiscal 2027.
- While MDH currently accesses numerous databases as part of eligibility and redetermination processes, to the extent MDH must access these databases more frequently, expenditures increase by an additional indeterminate amount for database access fees.
- MDH anticipates an indeterminate but potentially significant fiscal impact associated with systems updates and associated administrative costs to connect to additional data sources, as well as related administrative costs.
- MDH further advises that it is in the planning stages of implementing OBBBA and has four cross-agency workstreams to address changes needed prior to the various effective dates (Advance Planning Documents, Systems and Data, Communications, and Staffing and Training). MDH has made substantial progress in planning for new data linkages and systems updates, as well as a strategy for the release of notices and a communications campaign to target participants and providers. The fiscal 2027 budget as introduced includes \$71 million in total funds to implement OBBBA requirements. Any changes to the implementation requirements may increase costs and change timelines.

Federal fund revenues increase correspondingly. However, to the extent individuals are disenrolled from Medicaid under the bill, MDH general and federal funds expenditures and federal fund revenues are reduced by an indeterminate amount beginning as early as fiscal 2027.

#### *Department of Human Services*

DHS did not provide a comprehensive response to a request for information about the fiscal and operational impacts of the bill. Thus, this analysis generally reflects information provided for similar legislation in a prior year.

DHS advises that it must enhance the eligibility determination process for Medicaid to include additional eligibility reviews and verifications and provide additional publication of OIG investigation of Medicaid cases, thereby significantly increasing workloads and

requiring both systems changes and additional staff. In fiscal 2027, general fund expenditures increase by at least \$6.7 million to implement just some of the bill's requirements affecting DHS, as discussed below. DHS advises that, as the program is currently in full compliance with federal requirements, federal matching funds are not available for SNAP-related expenditures.

- DHS must conduct annual on-site inspections of EBT retailers to identify potential fraud. As there are more than 6,000 EBT retailers in the State, based on DHS' response to a prior year bill, a new inspection unit is required, including 43 new positions at a cost of \$3.45 million in fiscal 2027, which accounts for a 90-day start-up delay from the bill's July 1, 2026 effective date, and at least \$4.0 million annually thereafter. In addition, DHS requires a fleet of 20 vehicles to conduct inspections at a cost of at least \$580,000 in fiscal 2027. Additional ongoing costs are incurred for travel and vehicle maintenance.
- DHS currently has a contract to access the Work Number database (to verify employment and income information) that permits a set number of transactions monthly. Based on a prior response to similar legislation, DHS estimates that the number of transactions with this database doubles under the bill, resulting in additional costs of approximately \$1.0 million annually beginning in fiscal 2027.
- The DHS Enrollment & Eligibility System (E&E) is used to determine eligibility for non-MAGI Medicaid and SNAP (as well as other public assistance programs). E&E requires system enhancements at a one-time cost of \$1.1 million in fiscal 2027, with ongoing maintenance costs of \$158,760 annually thereafter. These costs are incurred by the Maryland Department of Information Technology which oversees the E&E system, including expenditures.
- To conduct monthly reviews of out-of-state EBT transactions the DHS OIG Data Integrity Unit must (1) analyze data for trends associated with excessive out-of-state usage; (2) determine the highest-risk cases for investigation; and (3) conduct examinations and pursue substantiated referrals as appropriate. Based on a prior response to similar legislation, DHS notes that seven additional positions are necessary for this function at a cost of \$581,358 in fiscal 2027 and at least \$690,000 annually thereafter.
- DHS currently handles eligibility and redetermination for Medicaid and SNAP. DHS advises that the bill's additional review requirements necessitate additional eligibility staff. The exact amount of additional personnel required cannot be reliably estimated at this time but expenditures for such personnel increase by an additional significant amount beginning in fiscal 2027.

To the extent individuals are disenrolled who are not eligible for SNAP benefits, DHS federal fund revenues and expenditures are reduced by an indeterminate amount beginning as early as fiscal 2027.

#### *Maryland Department of Labor*

Under the bill, MDH and DHS, in consultation with MD Labor, must conduct (1) quarterly reviews to determine the effect of employment or wage changes on the continuing eligibility of Medicaid and SNAP recipients and (2) twice-monthly reviews of UI benefits records to verify changes in employment or income. Given the frequency of these reviews, MD Labor advises that it requires three additional full-time personnel (two Senior Labor Market Economists and one Labor Market Economist) to assist MDH and DHS in biweekly and quarterly reviews as required under the bill. Thus, MD Labor general fund expenditures increase by at least \$275,032 in fiscal 2027, which accounts for a 90-day start-up delay from the bill's July 1, 2026 effective date, and at least \$324,310 annually thereafter.

#### *Office of the Comptroller*

Under the bill, MDH and DHS must establish MOUs to conduct quarterly reviews of tax filings from the Comptroller. The Comptroller's Office advises that, to accommodate planning, design, testing, and reporting to support quarterly reviews of tax filings, general fund expenditures increase by at least \$30,672 in fiscal 2027. Future year expenditures are indeterminate.

#### *Other Entities*

DPSCS advises that it has had a data transfer in effect with MDH regarding Medicaid enrollment for several years. Furthermore, sharing data with DHS through an MOU is not anticipated to have a fiscal effect on DPSCS. SLGCA also advises that there is no fiscal and only a minimal operational impact on the agency. The bill is also not anticipated to materially affect the operations or finances of the Judiciary.

**Small Business Effect:** Small business retail facilities that accept EBT transactions must comply with annual on-site inspections by DHS and law enforcement.

**Additional Comments:** The bill's immigration provisions require MDH to promptly refer all applicants identified as not having lawful immigration status to appropriate federal authorities. MDH advises that federal law restricts state Medicaid agencies from using available participant data for purposes unrelated to program administration. Thus, MDH cannot comply with this provision.

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 1402 of 2025.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of Human Services; Maryland Department of Labor; Department of Public Safety and Correctional Services; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2026  
caw/jkb

---

Analysis by: Jennifer B. Chasse

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510