Maryland
DEPARTMENT OF HEALTH

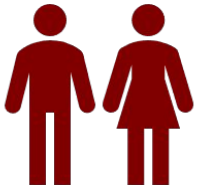
OBBBA
Maryland Medicaid Updates
House Health Committee
January 2026

About Maryland Medicaid

- **Maryland Medicaid is a joint federal–state program administered** by the Maryland Department of Health, providing comprehensive health coverage to **~1.5 million Marylanders—nearly 1 in 4 residents.**
- The program is a major pillar of the state's health system, covering **40% of births**, nearly **half of all children**, and **80% of nursing home services**, and paying claims to **130,000+ providers.**
- Medicaid differs from Medicare in that it is **means-tested, jointly funded, and state-designed**, while Medicare is federally funded and uniform nationwide; some individuals qualify for both.
- Funding is **shared with the federal government**, with Maryland receiving a 50% federal match for traditional Medicaid and 90% for the ACA expansion population; about **58% of total program costs are federally funded.**
- **In FY26, spending was ~$15.4 billion with 96% spent on care and services rather than administration.**
- **Recent cost pressures** include pharmacy spending, inpatient utilization, higher-acuity needs post-COVID-19, new benefits, rising provider rates, and increased behavioral health utilization.
- **Most members (85%) receive care through HealthChoice, Maryland's managed care program**; the remaining 15% are served through fee-for-service, with some services administered separately.
- Major federal changes are coming: **New Medicaid requirements under the One Big Beautiful Bill Act (OBBBA) could lead to significant coverage losses** and reduce Maryland Medicaid funding by up to ~$2.7 billion annually in federal funds once fully implemented.

Who are Maryland Medicaid members?

727,817
children under 21*



799,460
adults 21 and older*

239,591
people living with disabilities*

63,093
pregnant women†

We cover close to **1** in **2** children in Maryland *(45%)‡*

We cover more than **2** in **5** births in Maryland *(42%)***

4 out of **5** members are enrolled in 1 of 9 managed care plans

Notes: *Counts of children, adults, and people living with disabilities are based on monthly enrollment for June 2025 (DataPort).
†Counts of pregnant women are based on enrollment at any time in CY 2025 (DataPort) and include postpartum coverage.
‡The proportion of Maryland children under 21 covered by Medicaid based on monthly enrollment for July 2024 and population estimates for July 2024 from the Maryland Department of Planning. **The proportion of Maryland births covered by Medicaid came from the KFF CY 2024 State Health Facts (https://files.kff.org/attachment/fact-sheet-medicaid-state-MD).

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Who are Maryland Medicaid providers?

130,091

Total Enrolled Providers

12,133
primary care

6,439
behavioral health

3,005
dental care

57
hospitals

221
nursing facilities

28
FQHCs

Providers received over **$17 billion** in Medicaid payments in FY 2025*

*Includes DDA payments.
Notes: This data is provided by the Office of Medicaid Provider Services and is compiled from the Medicaid MMIS

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Medicaid OBBBA Eligibility Provisions (1/2)

- **Changes to Immigrant Eligibility (October 1, 2026).**
  - Certain immigrants are no longer eligible for Medicaid. This includes refugees, asylees, immigrants granted parole for at least one year, and certain victims of abuse and trafficking. **Note:** Pregnant women and children are not impacted.
  - **Impact**: **~15,000 non-citizens may lose coverage.** (Note: this is a reduction from previously published est. of ~60,000).
- **Medicaid work requirements (January 1, 2027).**
  - Requires states to implement work requirements as a condition of Medicaid eligibility for ACA expansion adults aged 19 through 64.
  - **Impact**: **~115,000 ACA Adults could lose coverage.** Requirements apply to the more than **~320,000 adults*** in this coverage group.

*November 2025 data.

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Medicaid OBBBA Eligibility Provisions (2/2)

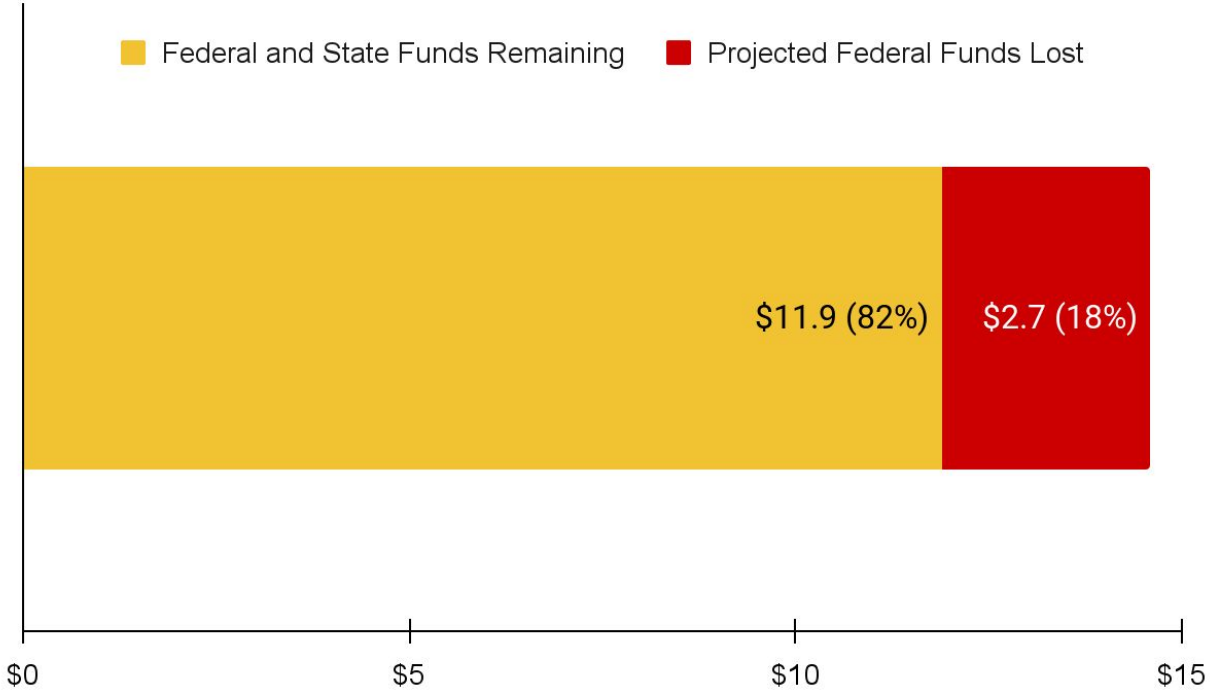
- **Increased Medicaid redeterminations (January 1, 2027)**
  - Requires states to conduct eligibility redeterminations once every six months for ACA expansion adults. (Current requirement is annual).
  - **Impact**: Requirement impacts the more than **320,000 adults** eligible under the ACA Expansion.
- **Shortened Medicaid retroactive coverage opportunities (January 1, 2027)**
  - Reduces retroactive coverage from three months to one or two months depending on eligibility category.
  - **Impact:** ACA expansion adults are limited to **one month of retroactive coverage**, and all other enrollees are limited to two months retroactive coverage.

Other OBBBA Provisions

- **Payments to Planned Parenthood**
  - Sec. 71113. Federal payments to prohibited entities. (July 4, 2025)
- **Provider Taxes**
  - Sec. 71115. Provider taxes. (July 4, 2025)
  - Sec. 71117. Requirements regarding waiver of uniform tax requirement for Medicaid provider tax. (July 4, 2025)
- **State Directed Payments**
  - Sec. 71116. State directed payments. (July 4, 2025, Maryland impacted January 1, 2027)
- **Budget Neutrality**
  - Sec. 71118. Requiring budget neutrality for Medicaid demonstration projects under section 1115. (January 1, 2027)
- **Cost Sharing**
  - Sec. 71120. Modifying cost sharing requirements for certain expansion individuals under the Medicaid program. (October 1, 2028)
- **Erroneous Excess Payments**
  - Sec. 71106. Payment reduction related to certain erroneous excess payments under Medicaid. (October 1, 2029)

$2.7 Billion in Annual Federal Funding Potentially Lost

This is the estimate of funding lost once all bill provisions are fully implemented (based on current $14.6 billion budget).



This represents **almost 20%** of Maryland's current Medicaid budget.

*Note: $ in Billions

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OBBBA Work Requirements

ACA expansion adults aged 19 to 64 are subject to work requirements. *Note, there are a number of categorical and optional exemptions.*

Participants must meet at least 1 of the following criteria:

- Have income of at least $580/month*;
- 80 hours of work per month;
- 80 hours of a SNAP-defined work program;
- 80 hours of community service;
- At least half-time enrollment in a higher education or vocational training program; or
- A combination of 80 hours of the above.

*This is based on the federal minimum wage of $7.25 per hour multiplied by 80 hours; workers who make the State minimum wage could work less than 40 hours per month and still qualify for Medicaid.

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Work Requirement Exemptions

OBBBA permits states to accept attestations from individuals related to MANDATORY exemptions.
Note, further guidance from CMS may change this flexibility.

- Parents/Caretakers of Young Children or Disabled Individuals
- Medically Frail Individuals
- Incarcerated or Recently Released from Incarceration
- Pregnant or Postpartum Women
- Participating in SUD Program
- Entitled to Medicare Part A or Enrolled in Medicare Part B
- Former Foster Youth Under Age 26
- American Indians and Alaska Natives
- Disabled Veterans
- Subject to SNAP/TANF Work Requirements

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Medical Frailty: Example Conditions

OBBBA indicates that medical frailty should include at least five potential categories of conditions.

Blindness or Disability	E.g. Blind, coronary insufficiency, hydrocephalus
Substance Use Disorders	E.g. Opioid use disorder, alcohol use disorder, drug overdose requiring medical care
Disabling Mental Disorders	E.g. Delusional disorder, schizoid personality disorder, major depressive disorder
Physical, intellectual, or Developmental Disability	E.g. Cerebral palsy, autism spectrum disorder, epilepsy
Serious or Complex Medical Conditions	E.g. Chronic heart failure, chronic liver disease, HIV/AIDS

What We Know About Employment & Education

It is estimated that **~65.7% of ACA adults are working or in school** and **~20-25% of ACA adults who are not working and not in school would qualify for an exemption**. This leaves **~10-15% of ACA adults who would otherwise be ineligible for Medicaid** and would need to be connected to qualifying activities.

~65.7% of childless, non-disabled, adult Marylanders with Medicaid coverage are already working or in school

Working Full Time (40+ hours/week)

34.3%

OR

Working Part Time (20-39 hours/week)

24.5%

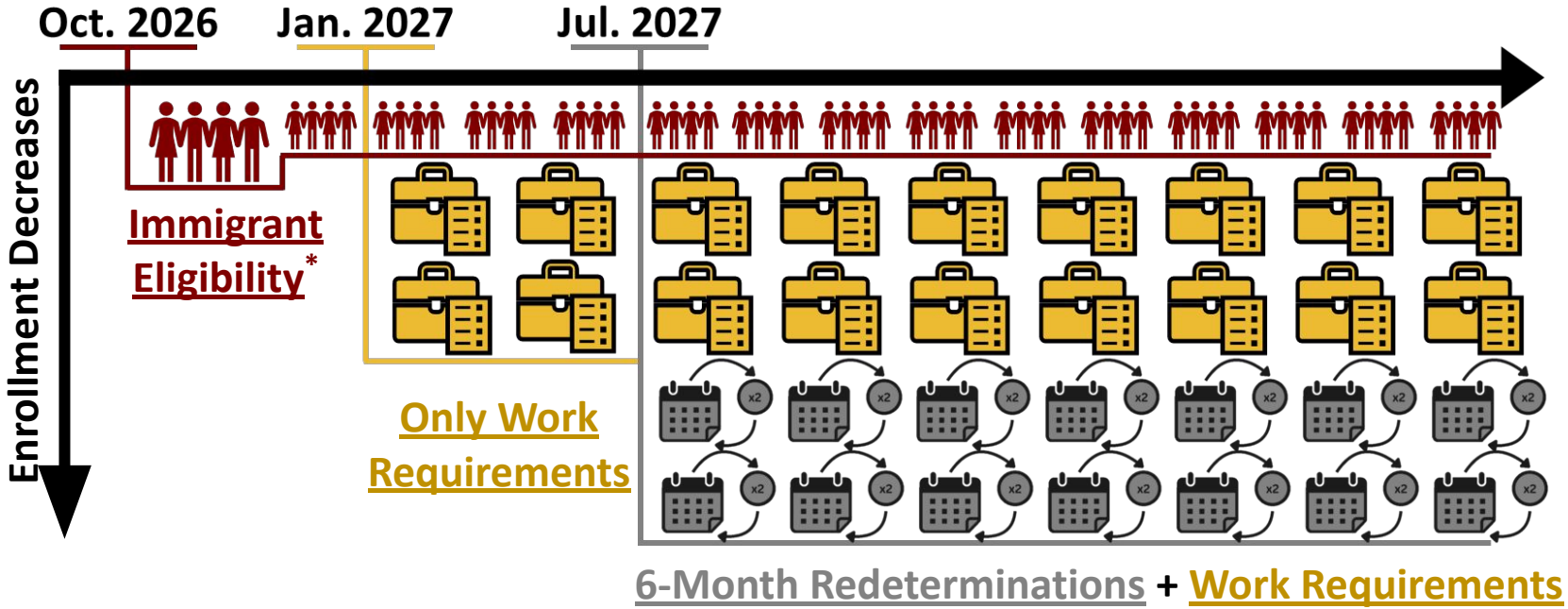
OR

Enrolled in an Academic Program

15.9%

**Note: Employment and income are NOT information that Maryland Medicaid collects, but we can generate estimates of who is working and in school using data from the American Community Survey. Used 2023 ACS data from respondents who identified as childless adults aged 19-64, who live in Maryland, were enrolled in Medicaid, and did not report a disability; since individuals can both work and be enrolled in an academic program, the employment and education percentages are NOT mutually exclusive.*

Big Picture of Enrollment Impacts



*Pending CMS guidance, the Department assumes that all immigrants who no longer qualify for coverage will lose eligibility effective October 1, 2026.

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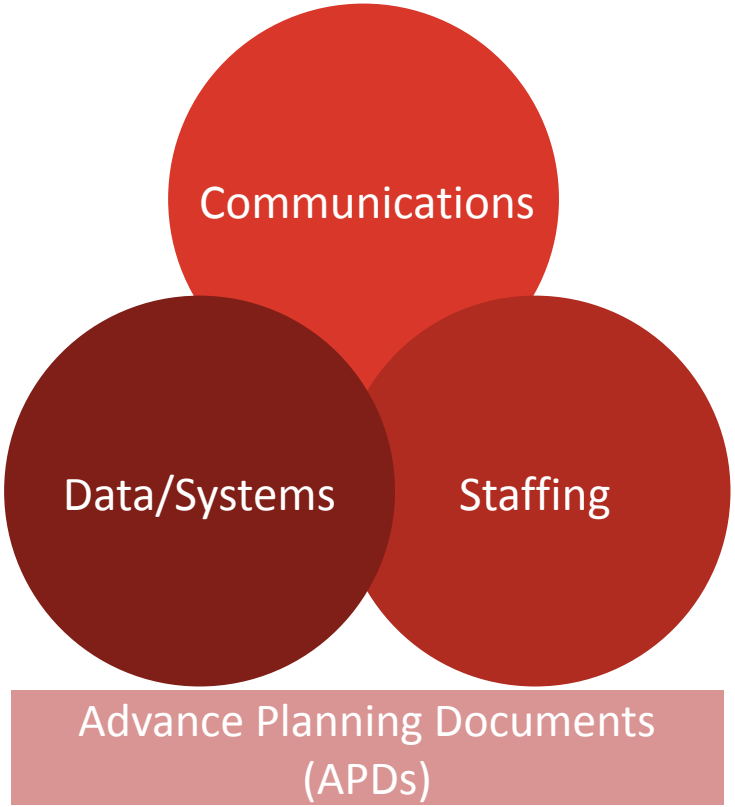
Implementation Workstreams

The State has established a **comprehensive cross-agency team led by the Maryland Department of Health (MDH), Maryland Health Benefit Exchange (MHBE), and Maryland Benefits** to implement OBBBA Medicaid eligibility requirements, **in partnership with providers, plans, and stakeholders.**

Our **objective** is to **protect health care coverage** for eligible Marylanders, **consistent with federal law and guidance.**



About MHBE

The Maryland Health Benefit Exchange (MHBE) serves as Maryland's State-Based Exchange

- MHBE is responsible for the administration of **Maryland Health Connection (MHC)**, the state's health insurance marketplace, under the Patient Protection and Affordable Care Act of 2010 (ACA)

MHC enrolls **~85% of (or ~1.2M) Medicaid consumers**, including ACA Expansion Adults

- MHBE significantly supports MAGI Medicaid eligibility and enrollment activities through agency special and general funds, and staffing activities that include call center, printing and mailing, consumer appeals, constituent services, and training functions in addition to technology.

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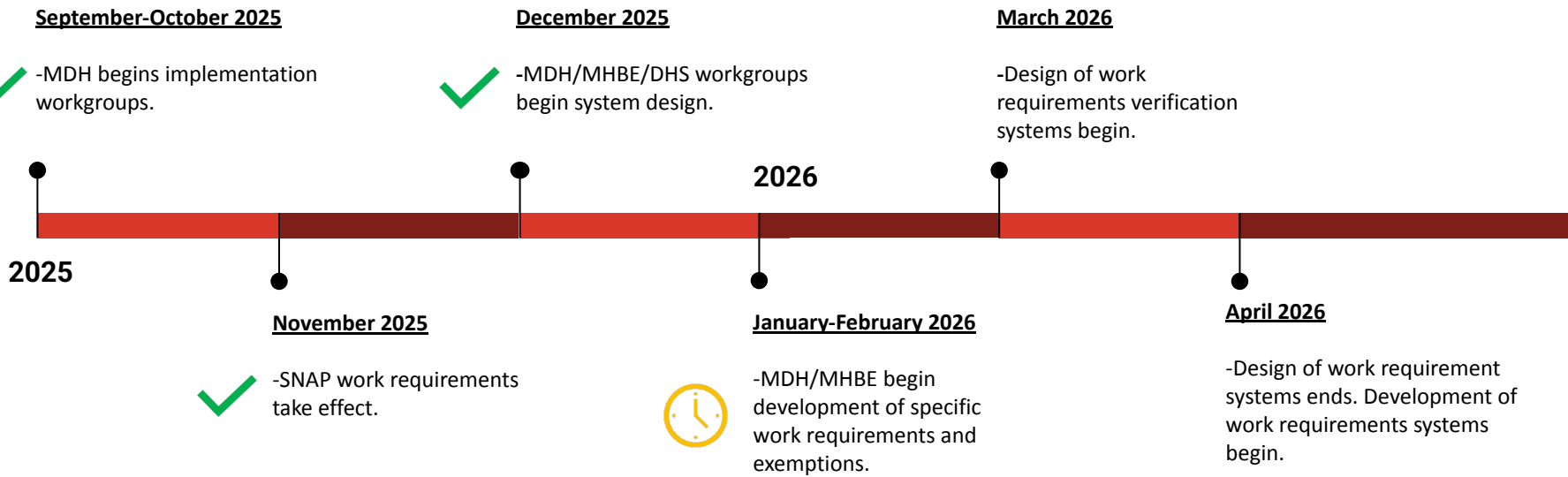
Data/Systems Timeline (1/2)



= Completed = In Progress

Data/Systems Timeline (2/2)

June 2026

-HHS to issue final guidance on work requirement implementation.

August 2026

-Internal testing of work requirements systems begins.

-Enrollees receive first written notice that they are subject to work requirements.

September 2026

-Stakeholder testing of work requirements systems begins.

-Immigration systems changes go live.

October 2026

-Immigration eligibility changes go into effect.

-Training and operational readiness for work requirements begins.

December 2026

-Retroactive Medicaid changes go live in MHC.

-Deployment of work requirements systems begin.

January 2027

-Work requirements, 1 month retroactive coverage for ACA Adults*, and 6 month redeterminations go into effect.

**2 months for all other eligibility groups.*
Milestones in yellow indicate when provisions go into effect.

Data/System | Leveraging Data

MHBE will seek to leverage the existing data from across Maryland government to verify work requirements and exemption attestation.

- **DHS SNAP Data:** During the unwinding, MHBE used DHS SNAP enrollment data to verify income during Medicaid redeterminations, significantly increasing auto renewal rates. SNAP enrollment may be used to deem Medicaid enrollees to meet work requirements.
- **DOL Data:** Explore using Beacon wage data, FAMLI wage data, and workforce development data to verify work requirements
- **CRISP Data:** Explore using CRISP data to automatically exempt eligible individuals with qualifying medical conditions from work requirements.
- **MSDE Data:** MHBE, MSDE, and DHS already partner to provide Medicaid enrollment data for use in certifying children for free and reduced lunches. Explore using MSDE data to verify work requirements.
- **Comptroller Data:** MHBE already receives data from the state tax return for individuals seeking health insurance. Explore using state tax data to verify work requirements.

Communications Approach

Key Messaging Goal	• **Message discipline** across agencies and stakeholder partners.
Overarching Strategy	• **Consumer-focused** materials • **Provider/community stakeholder-focused** materials
Key Audience	• **ACA Adults** • **Non-Citizens** • **Pregnant Women & Children**
Partners	• Sister Agencies: **DHS, MHBE** • **MCOs** • **Stakeholders and Community Organizations**

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Communication Activities

- MHBE Communications campaign in partnership with MCOs, modeled on unwinding.
- New MDH web page with updated one-pager, FAQ
- ACA Deep Dive [Dashboard]

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Communications - Grassroots Outreach

- The Department will work with MCOs and other stakeholders to implement a grassroots outreach strategies that reach as many Maryland Medicaid members as possible;
- The Department will take a comprehensive approach with stakeholders that reaches non-English speaking members and hard-to-engage participants;
- **The most important message stakeholders can convey to Medicaid members now is that they must keep their contact information up to date so that they are aware of changes.**

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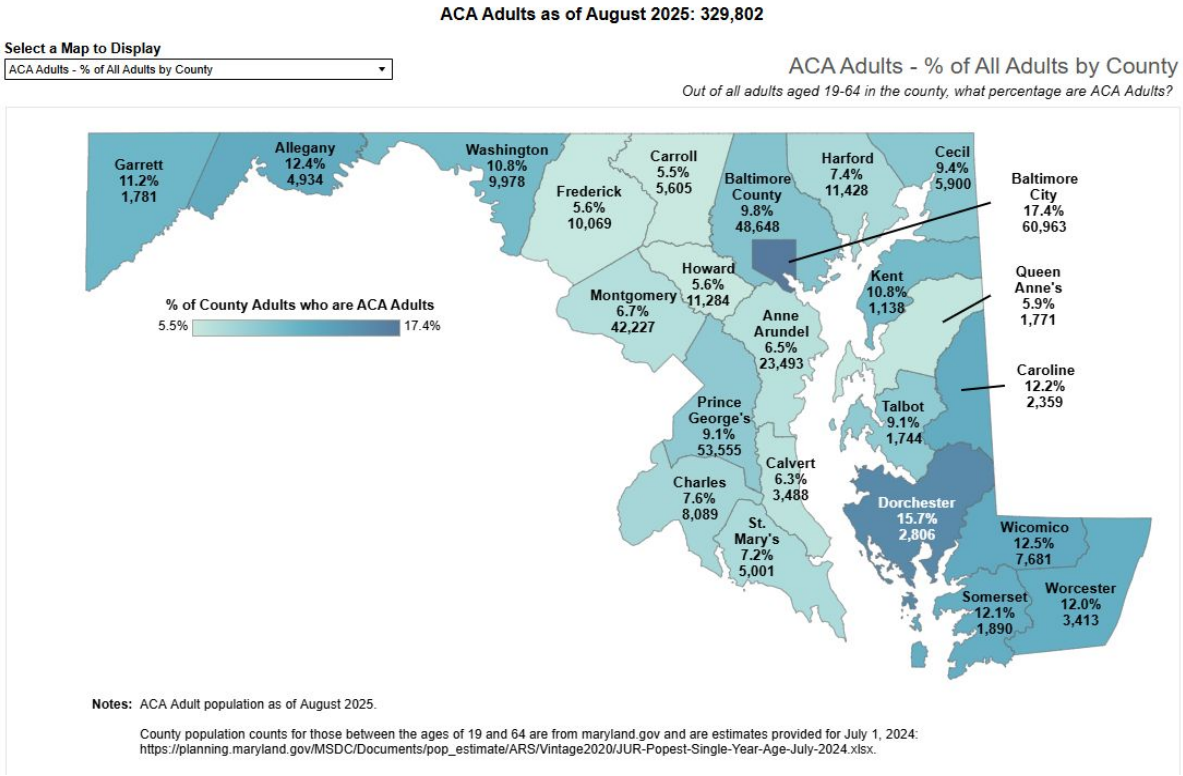
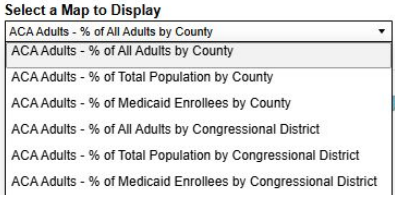
ACA Adults Public Dashboard



[Link to dashboard]



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Staffing

- **Training:** Medicaid, MHBE, and the DHS are collaborating to develop new training materials to account for changes in eligibility processing.
  - Cross-agency collaboration will ensure consistent messaging and procedures to all impacted staff.
  - Includes guidance for call centers, case workers, LHDs, and other eligibility workers.
- **Hiring:** Increased redetermination frequency, work requirements, and changes to the retroeligbility period calls for increased eligibility and systems staff capacity.

Resources

- MDH OBBBA Fact Sheet (Issued July 11, 2025)
- MDH Webpage on OBBBA Medicaid Changes
  - Note, this will be updated as more information becomes available.
- FAQs: What the New Federal Budget Law Means for Your Medicaid Coverage
- FAQs: Cómo impacta la nueva ley presupuestaria federal en su cobertura de Medicaid
- Maryland Medicaid DataPort
  - See “Federal Changes” tab.

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Discussion

Appendix

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Acronyms List (1 of 2)

ACA	Affordable Care Act	FFY	Federal Fiscal Year
APD	Advanced Planning Document	HHS	U.S. Department of Health and Human Services
CE	Community Engagement	LHD	Local Health Department
CMS	Centers for Medicare and Medicaid Services	MAGI	Modified Adjusted Gross Income
CRISP	Chesapeake Regional Information System for our Patients	MCO	Managed Care Organization
DHS	Department of Human Services	MDH	Maryland Department of Health
DOL	Department of Labor	MHBE	Maryland Health Benefits Exchange
FAMLI	Family and Medical Leave Insurance program	MHC	Maryland Health Connection
FFP	Federal Funding Participation	MHCC	Maryland Health Care Commission

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Acronyms List (2 of 2)

MMIS	Maryland Medicaid Information System
MSDE	Maryland State Department of Education
OBBBA	One Big Beautiful Bill Act
SDP	State Directed Payments
SNAP	Supplemental Nutrition Assistance Program
SUD	Substance Use Disorder
TANF	Temporary Assistance for Needy Families

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Key Partners Across Workstreams

APDs
- MDH
- MHBE
- MD Benefits
- DHS

Comms
- MDH
- MHBE
- MCOs
- DHS
- External Stakeholders

Data/ Systems
- MDH
- MHBE
- DHS, MD Benefits
- CRISP
- UMBC Hilltop Institute
- MHCC

Staffing
- MDH
- MHBE
- DHS

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Advance Planning Documents (APDs)

- **APDs** secure **enhanced federal funding participation (FFP)** for large, complex, Health IT builds / system operations for Medicaid.

- MDH is planning to submit at a minimum **five OBBBA-related APDs.**

- CMS review can take **60-120 days at a minimum to approve an APD**, depending on the state's needs. Maryland is working with CMS to determine ways to **expedite APD federal review and approval.**

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CMS Funding for Community Engagement

- In December 2025, CMS awarded Maryland Medicaid a $2 million grant for FFY 2026* to implement OBBBA Community Engagement (CE) requirements.
- CE grant funding can be used to support activities such as:
  - **System Development and Integration:** Enhancing data systems to monitor CE-related eligibility and share data across state agencies,
  - **Operational and Professional Services:** Testing systems to ensure they comply with new CE-requirements,
  - **Implementation Support and Training:** Training staff to prepare for implementation of CE-requirements.
- CE grant funding may NOT be used to cover the nonfederal share of Medicaid expenditures nor may it be be used to generate enhanced federal match.

*Note: FFY runs from 10/1/2025 through 9/30/2026

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Data/System | Leveraging AI

MHBE will build on existing AI technology already used by its enrollment and eligibility systems.

- MHBE has implemented numerous system enhancements to increase efficiency and reduce operational costs through strategic use of AI.
  - T**he AI-powered chatbot "Flora" has responded to over 600,000 MHC consumer queries in 2024**, offering fast, accurate, and personalized assistance beyond standard business hours.
  - A conversational AI assistant embedded in the application guides users through complex eligibility questions, **cutting monthly technical support calls from 8,000 to 4,000**.
  - The AI virtual call center agent has processed **40% of the 20,000 password reset requests** so far in 2025, extending service availability from 8 hours to 18 hours a day, and reducing wait times.
  - **Robotic Process Automation (RPA) and machine learning technologies verify over 125,000 consumer documents annually**, accelerating Medicaid appl review from 5 days to 24> hours.
- Together, these initiatives are transforming service delivery, reducing operational burdens, and improving customer satisfaction and staff productivity.

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Communications Timeline

October 2025

Stakeholder Engagement and Planning

Communications internal workgroup begins with attendees from MDH, DHS, and MHBE.

Workgroup of representatives from all nine Managed Care Organizations begins.

Winter 2025-2026

Communications Research & Development (Jan-May 2026)
In partnership with MDH, MMCOA and their contracted communications firm are conducting statewide research to inform communications efforts and shape future communications materials

Phase 1 (May--Sept 2026): Initial Communications Released (General Education)
Website, FAQs and one-pager posted to MDH site. A Public Facing Dashboard related to ACA adults was created in collaboration with the Hilltop Institute and made public in December 2025. Additional materials will include social media/radio ads and a dedicated MHBE landing page.

June 2026

MDH Comms Roadshow Fully Scaled

MDH gives scheduled presentations to internal and external stakeholders (gov't agencies, community organizations, etc.).

MHBE will prepare consumer notices required by statute for distribution by September 2026*

August/November 2026

Phase 2 (Sept 2026-Dec 2027): Targeted Public Awareness Campaigns (Education and Action)

Targeted messaging campaigns begin **at least eight (8) weeks** prior to when immigration eligibility changes go into effect (Oct '26) and 8 weeks prior to work/community engagement changes go into effect (January '27).*

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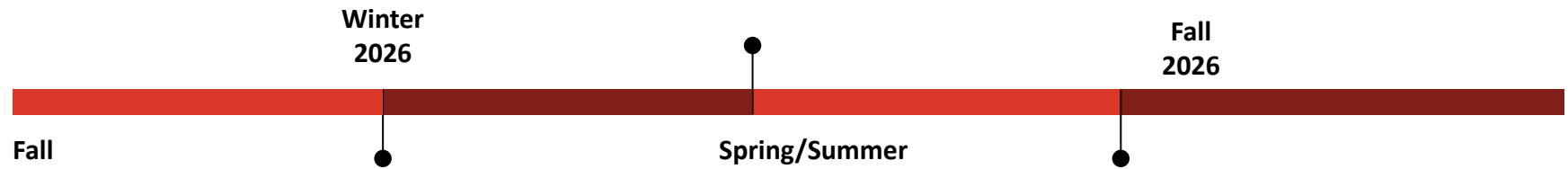
*Communications component required by OBBBA

Staffing and Training Timeline



Developing Training Requirements

November 2025: Workgroup meetings kick off. Development of training materials for use in Spring 2026 begins.

Training Existing Workers

OBBBA-related training modules will be deployed in the Spring and Summer of 2026 onwards, focused on training existing workers initially.

OBBBA Incorporated into Ongoing Training

After modules are deployed, the OBBBA trainings will become incorporated into the regular training regimen. The work requirements module will be deployed, and will be fully incorporated into the training schedule in Winter 2027.

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