

# H.R. 1 Could Create Hardships for Medicaid Enrollees in Three Chronic Disease Areas

An Analysis by Magnolia Market Access

September 8, 2025



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# Executive Summary

- H.R.1 (One Big Beautiful Bill Act) enacted policy changes, including work requirements and reporting and changes in funding that will impact state Medicaid programs and patients
- Magnolia Market Access analyzed the impact of these changes on drug access in Medicaid patients with one or more of 3 chronic disease diagnoses: cardiovascular, mental health, and diabetes
- One-quarter of employed Medicaid patients with these conditions could lose coverage due to reporting requirements included in H.R.1
- Enacted changes impact patient cohorts and geographic regions differently
- Changes to federal funding could result in state program changes that would lead to loss of coverage in all 3 disease areas, with cardiovascular patients being hardest hit



# Data and Methods

- Data: 2022 Medical Expenditure Panel Survey (MEPS) Full Year Consolidated and Medical Conditions Files
- Population: Respondents reporting Medicaid enrollment and either a mental health condition, diabetes, or cardiovascular disease
- Variables: Age, geographic region, employment status, number of hours worked, income, children in the home, and disability status
- Analysis: Estimate the number of Medicaid enrollees at risk of losing coverage due to work and reporting requirements, Federal funding cuts, and potential state actions

Note: all data are projected to the 2022 civilian, non-institutionalized population of the United States using weights provided in the MEPS dataset



# Medicaid Work Requirements and Reporting



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# Background: The Employed Medicaid Population

- 92% of adult Medicaid enrollees were working full- or part-time in 2023
- Almost half of Medicaid enrollees working full-time worked in small companies not required to provide health benefits under the ACA
- A large number of Medicaid-enrolled full-time employees made minimum wage, with incomes significantly below the FPL
- Reasons for unemployment include: caregiving (12%), disability or illness (10%), inability to find work (8%), and school attendance (7%)

KFF. Understanding the Intersection of Medicaid and Work: An Update. Published May 30, 2025. Accessed August 1, 2025. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work-an-update/>

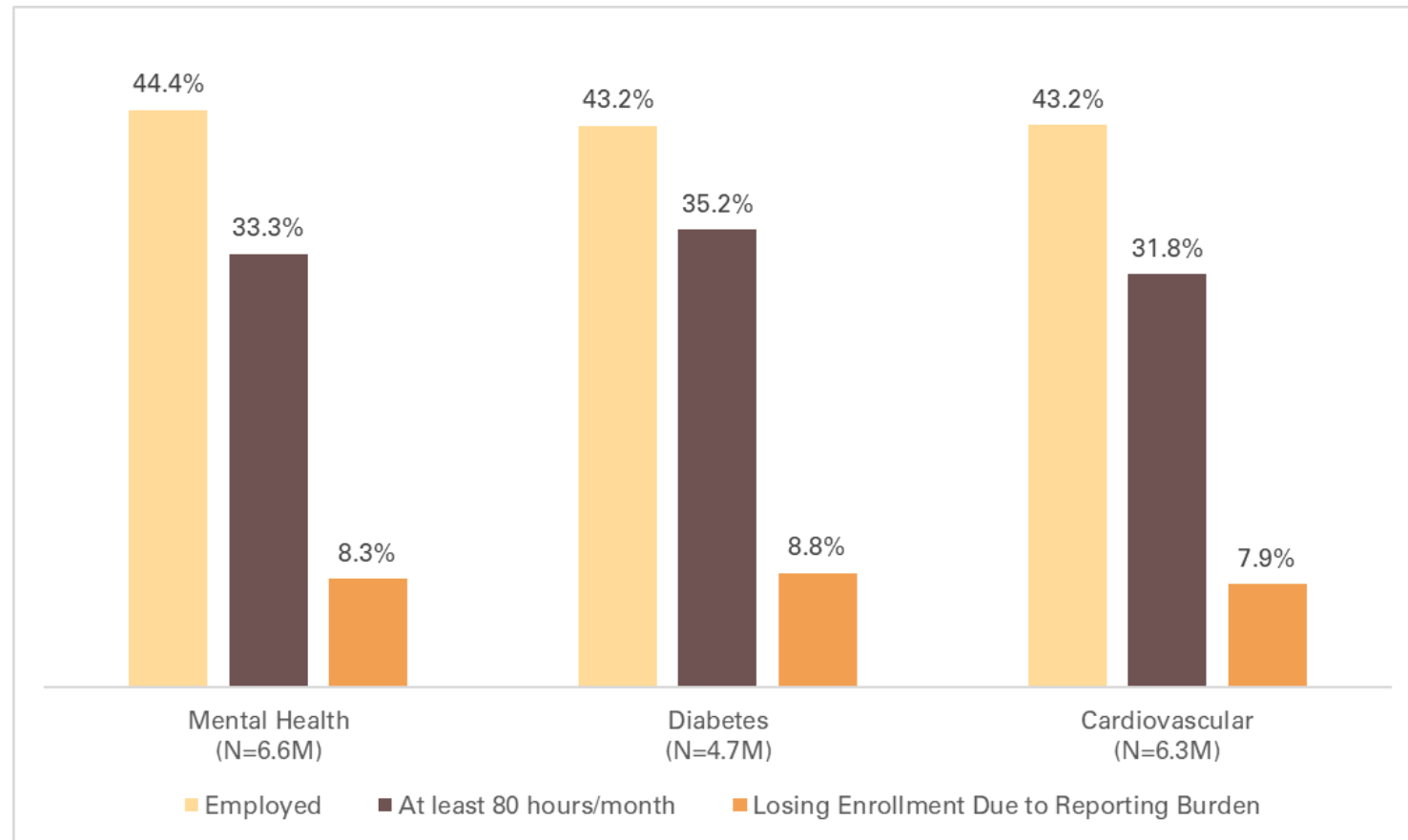


# H.R.1: Work Requirements, Reporting, and Renewals

- Able-bodied Medicaid Expansion enrollees (100-138%FPL) age 19-64 must participate in work, education, community engagement, or other qualifying activities at least 80 hours/month. Exceptions:
  - One or more children under age 14 at home
  - Disability, frailty
- States must create reporting systems and incorporate employment reporting and status into Medicaid re-enrollment processes
- Coverage renewal redeterminations now occur every 6 months
- Effective date: January 1, 2027
- **CBO estimates up to 5.3M will lose coverage, with the reporting requirement having the biggest impact**



# Impact: Estimated Loss of Coverage for the Employed Medicaid Population Due to Work Requirement Reporting\*



\* Includes Medicaid enrollees aged 19-64.



# Unemployed Medicaid Enrollees



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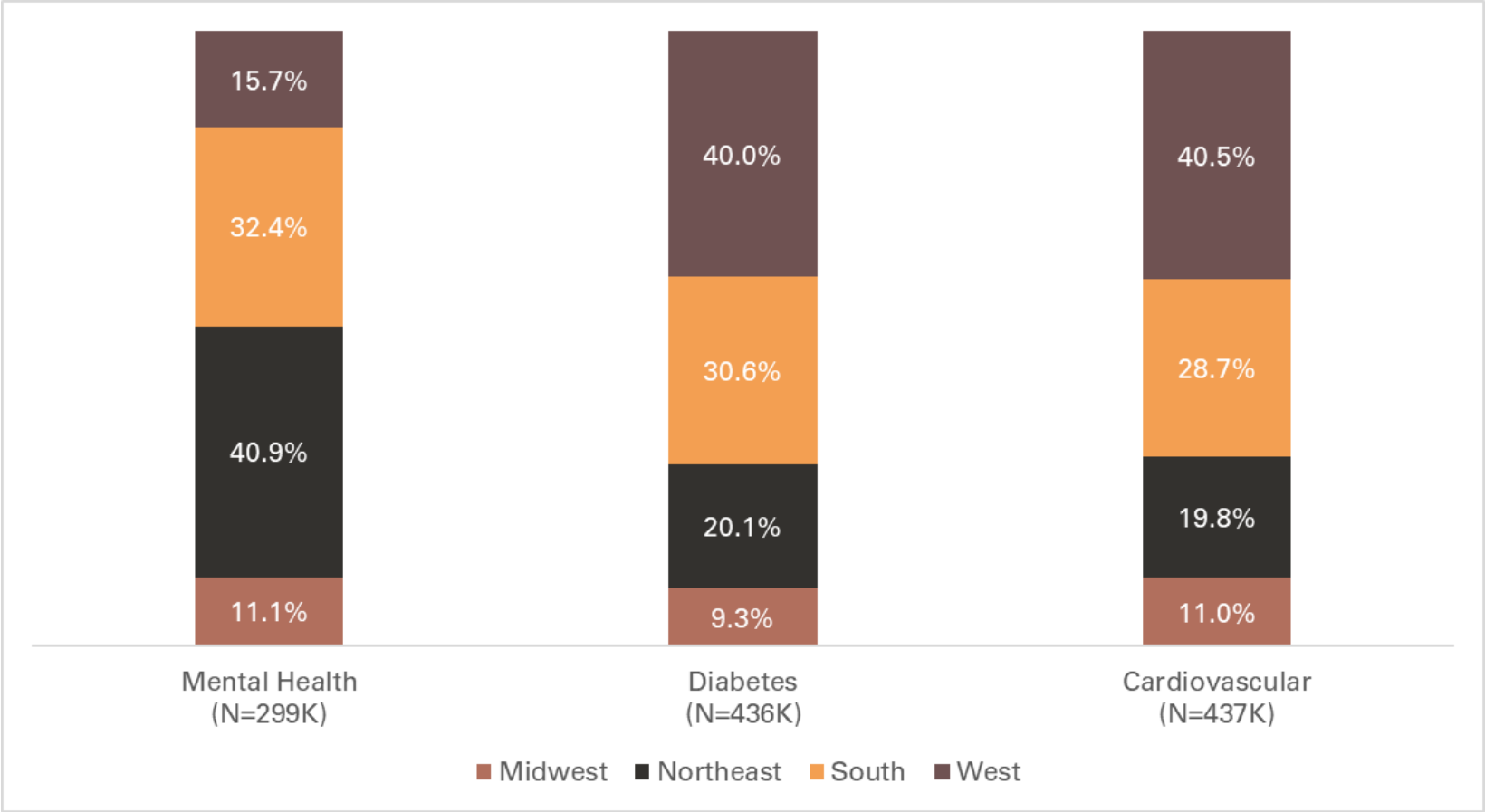
# Unemployed Medicaid Enrollees: The New Work Requirement Could have Varying Effects by Disease and Geographic Region

- It is estimated that 1.1M Medicaid enrollees with one or more of the three conditions of interest are currently unemployed and impacted by H.R.1's in the work requirements and reporting<sup>1</sup>
- Approximately one-third of unemployed Medicaid enrollees ages 19-64 are disabled and receiving SSI or SSDI
- Medicaid adults with a disability are less likely to work than Medicaid adults with no disability (37% vs. 68%)
- Regional differences could be a result of current state programs promoting employment and job training for Medicaid enrollees.

<sup>1</sup> KFF. Understanding the Intersection of Medicaid and Work: An Update. Published May 30, 2025. Accessed August 1, 2025. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work-an-update/>



# Impact: Estimated Unemployed Medicaid Enrollees Who Could Lose Coverage Due to Work Requirements



# Medicaid Funding Changes and Impacts on Patients and State Budgets



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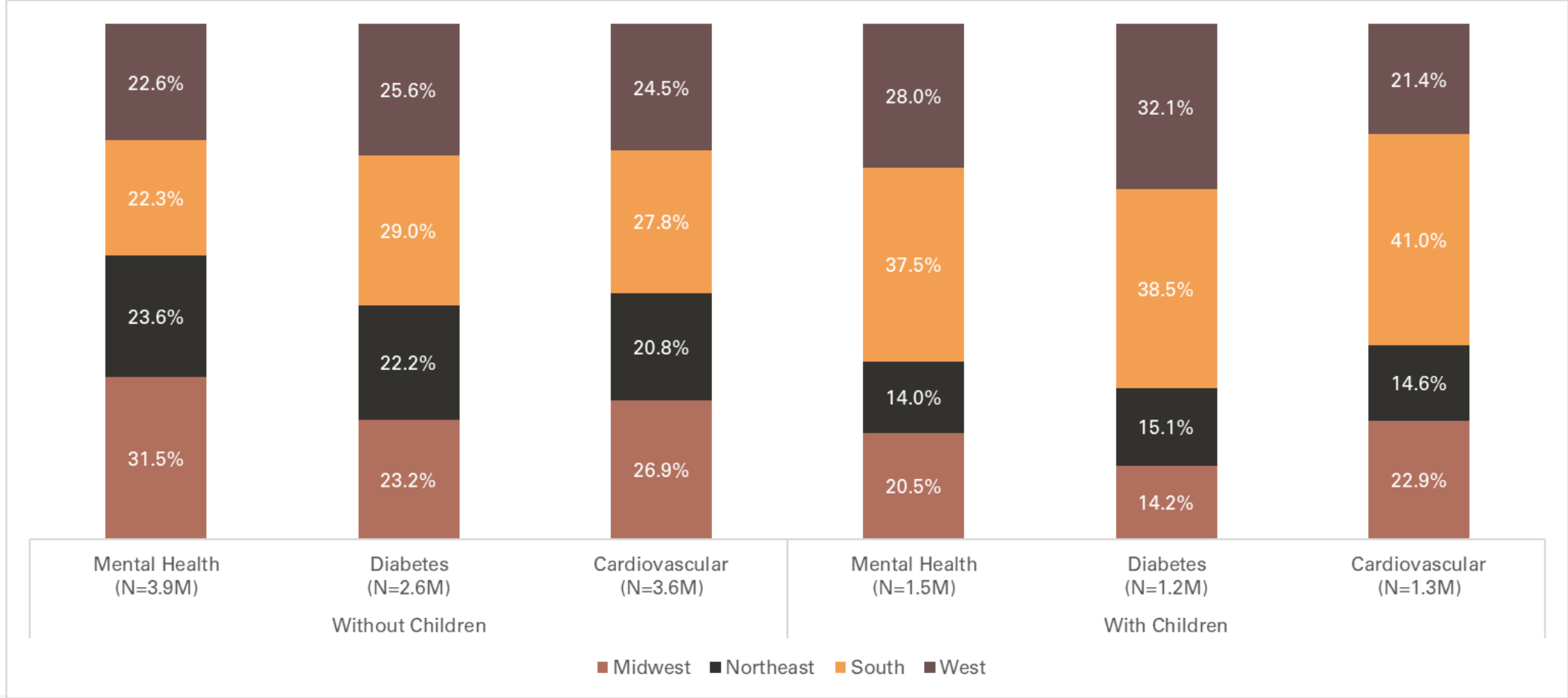
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# H.R.1 Funding Changes: Disproportionate Impact on Medicaid Expansion States

- Change in Federal match rate for expansion population: Reduce federal match rate from 90% to 80% for any state using its own funds to provide coverage through state health insurance programs to undocumented individuals
- Limits on provider taxes: Prohibit states from establishing/increasing provider taxes; reduces provider tax limit for Medicaid expansion states by 0.5% annually until 3.5% safe harbor in FY 2032
- State-directed payments: Cap payments for inpatient hospital and nursing facility services at 100% of Medicare rates in expansion states and 110% in non-expansion states
- Over half of the H.R.1 Medicaid savings are expected to come from the expansion states under these provisions, per the CBO



# Impact: Estimated Enrollees at Risk of Losing Coverage Due to Reversal of Medicaid Expansion\*



\* Enrollees at risk of losing expansion coverage, including those aged 19-64 above 50%FPL.



# H.R. 1 Impact on State Budgets: All States Will be Challenged to Make Up Federal Funding Losses

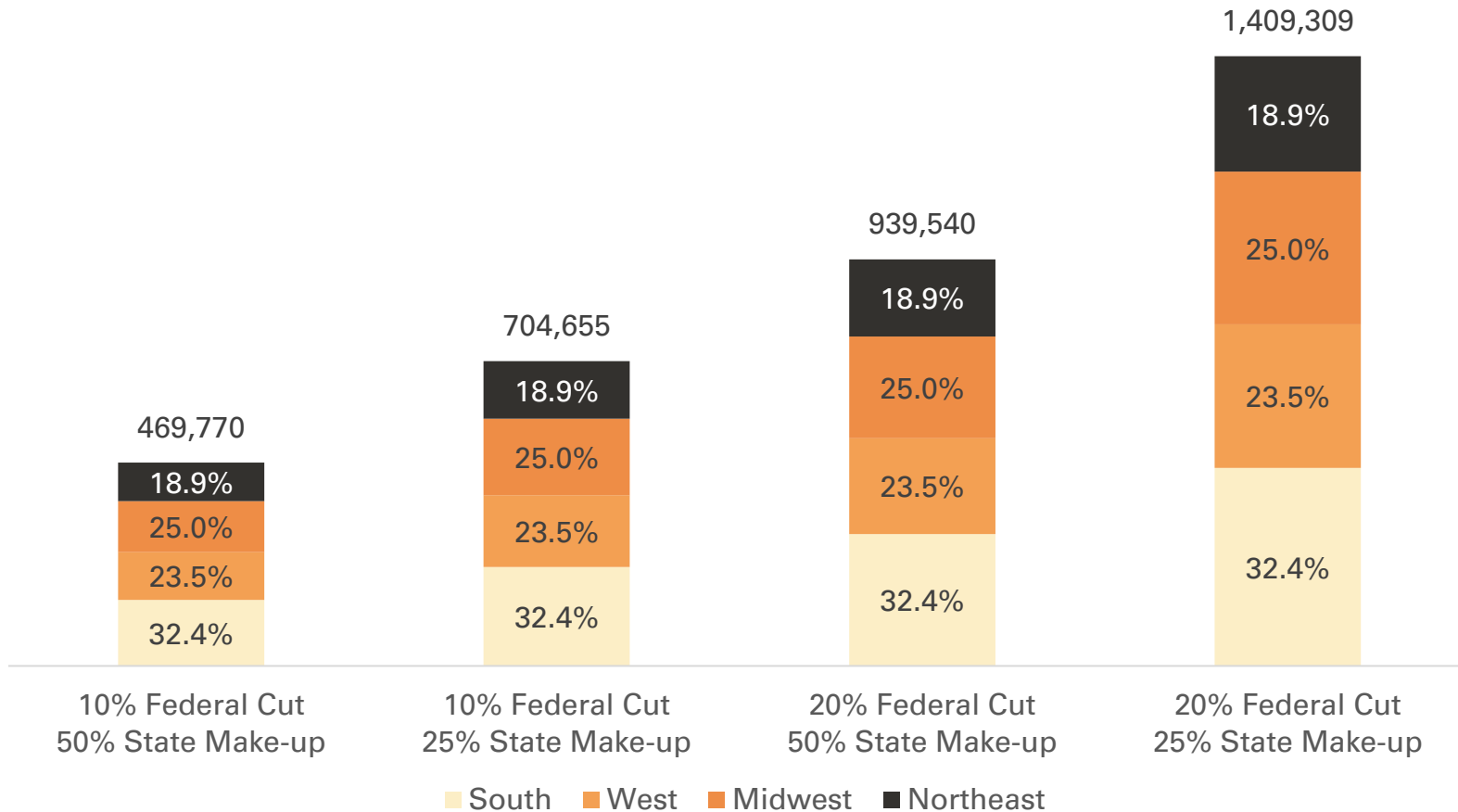
- Lowest Federal Matching Percent (FMAP) received by any state is 50%; highest is 77%
- States receiving the highest FMAP: Mississippi, West Virginia, Kentucky, Alabama, South Carolina, Arkansas, and New Mexico<sup>1</sup>
- Nationally, states spent 15.1% of state budgets, or \$294B, on Medicaid in FY2023<sup>2</sup>
- Medicaid cuts will ultimately impact hospitals, especially rural hospitals, placing strain on state health infrastructure and budgets
- Expiration of ACA enhanced premium tax credits will result in reduced ACA enrollment, strain on states could include increased Medicaid enrollment, more uninsured and uncompensated care
- SNAP changes will result in states with higher error rates losing more funding; H.R. 1 is the first time states will bear financial responsibility for SNAP
- States will face difficult budget decisions when cuts are implemented; Medicaid could be further impacted

<sup>1</sup> Medicaid Expenditures as a Percent of Total State Expenditures by Fund, [Medicaid Expenditures as a Percent of Total State Expenditures by Fund | KFF](#), Accessed August 27, 2025.

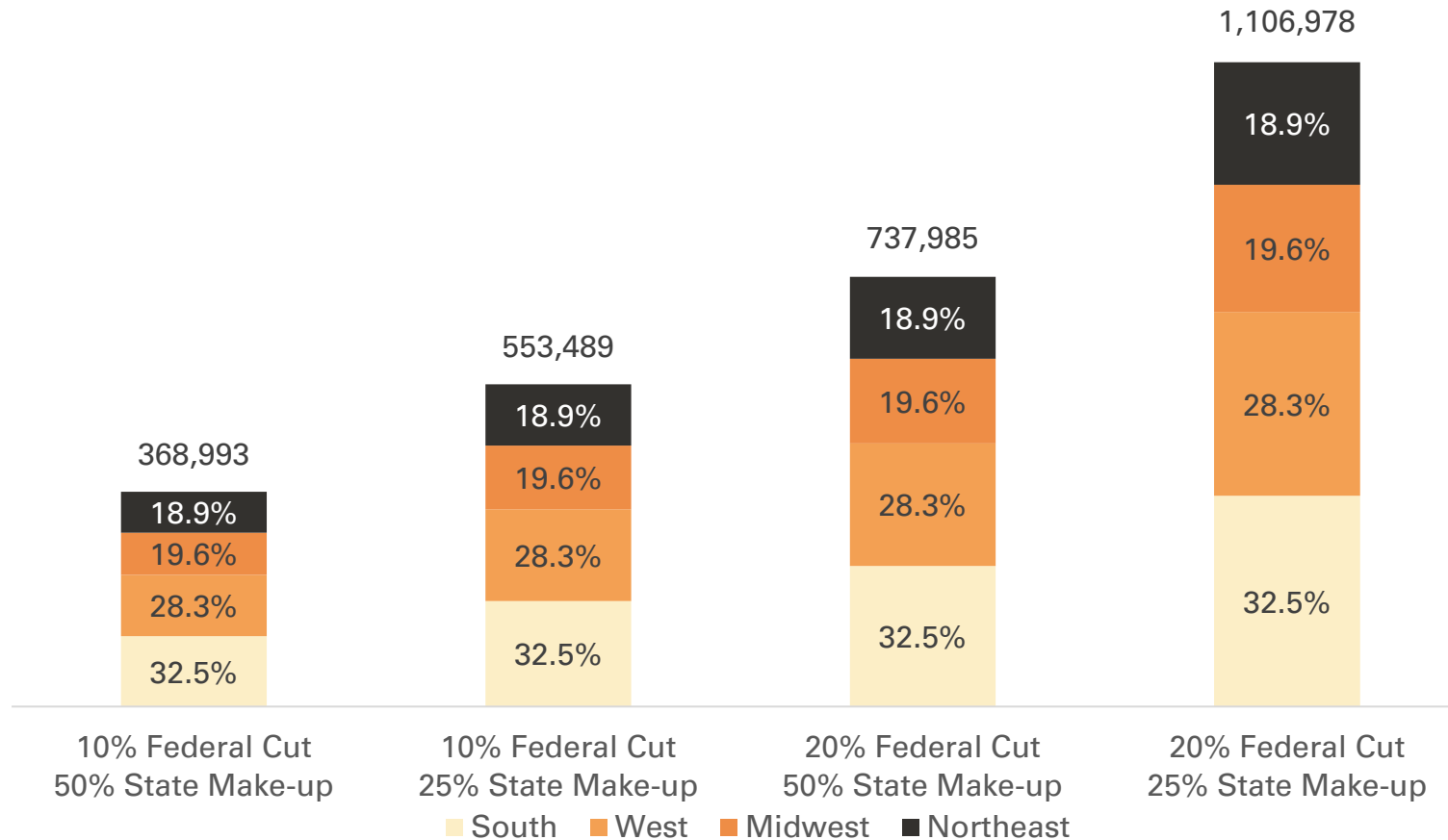
<sup>2</sup> The Share of State Budgets Spent on Medicaid Posts Largest Annual Increase in 20 Years, [The Share of State Budgets Spent on Medicaid Posts Largest Annual Increase in 20 Years | The Pew Charitable Trusts](#), Accessed August 27, 2025.



# Mental Health Patient Impact: Estimated Medicaid Enrollees Losing Coverage by Different Levels of Federal Spending Cuts

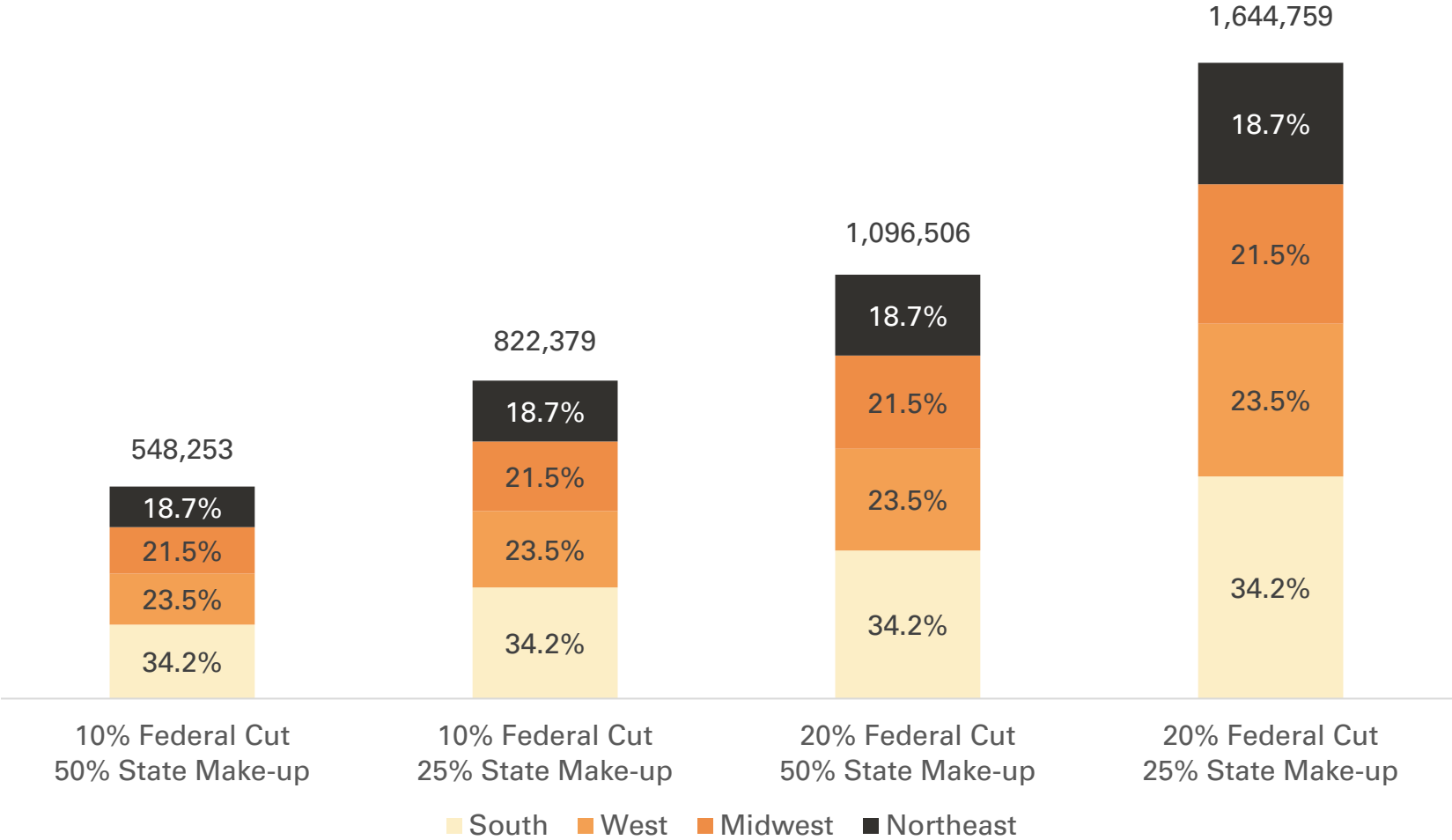


# Diabetes Patient Impact: Estimated Medicaid Enrollees Losing Coverage by Different Levels of Federal Spending Cuts





# Cardiovascular Patient Impact: Estimated Medicaid Enrollees Losing Coverage by Different Levels of Federal Spending Cuts



# What Comes Next?



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# It's Time for Advocacy: Education and Engagement at the State and Federal Levels is Needed

## Patients are Unaware of Changes

- Develop online resources to educate at the disease and/or state level
- Monitor and report on state activities to implement reporting requirements
- Engage at state and Federal level to share stories, support access protections, and minimize impact

## States Facing Budget Crises

- Pressure is not only on Medicaid – understand state processes, roles and responsibilities of various agencies and levels of government, align with other interests when possible
- Develop meaningful testimony to support Medicaid access

## Federal Policymakers Caught in a Trap

- Many Republican (and all Democrat) legislators recognize the significant impacts of the Medicaid changes on their state population, resulting in discussions to make changes before effective dates
- Prioritize engagement with Republican legislators in both chambers, emphasizing harm from changes and importance of Medicaid as a safety net

