



# Medicaid and State Legislatures in 2026

Coalition for Whole Health

March 3, 2026



# How NCSL Serves State Legislatures

The National Conference of State Legislatures (NCSL) is the **bipartisan** organization serving **legislators and legislative staff** in America's 50 states, D.C. and territories.

With a strong belief in the importance of the legislative institution, NCSL knows **when states are strong, our nation is strong.**



Source: NCSL

## POLICY RESEARCH

NCSL provides trusted, nonpartisan policy research and analysis

## CONNECTIONS

NCSL links legislators and staff with each other and with experts

## TRAINING

NCSL delivers training tailored specifically for legislators and staff

## STATE VOICE IN D.C.

NCSL represents and advocates on behalf of states on Capitol Hill

## MEETINGS

NCSL meetings facilitate information exchange and policy discussions

# Medicaid and State Legislatures in 2026

State Legislatures & Health Policy

Medicaid Financing & Payments

Medicaid Eligibility



# Medicaid and State Legislatures in 2026

State Legislatures & Health Policy



How many state legislators are there in the U.S.?

- A. Less than 3,000
- B. 3,001 – 5,000
- C. 5,001 – 7,000
- D. More than 7,000



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There are 7,386 state legislators in the U.S.



# If you've seen one legislature...you've seen one legislature.

1

## How many members are there?

New Hampshire:

- 400 representatives, 24 senators

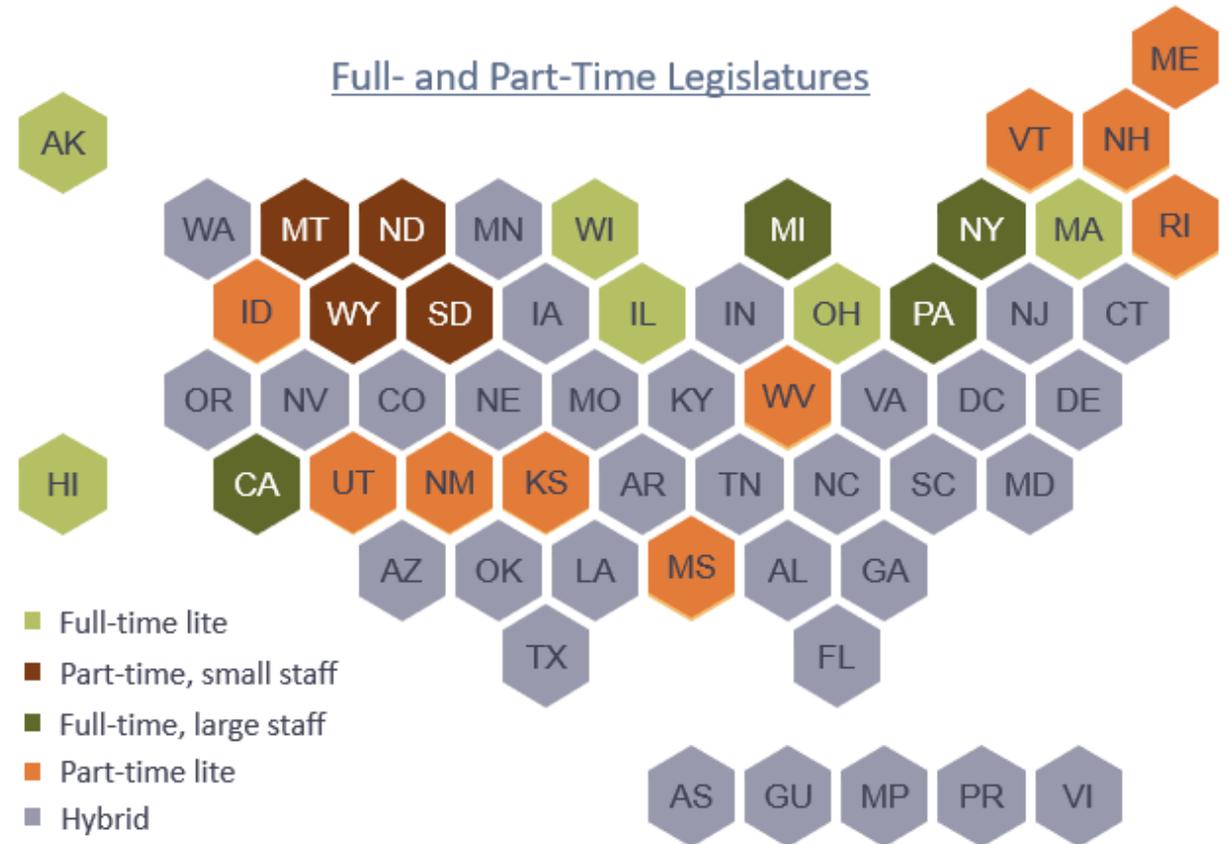
Nebraska:

- Unicameral, 49 legislators

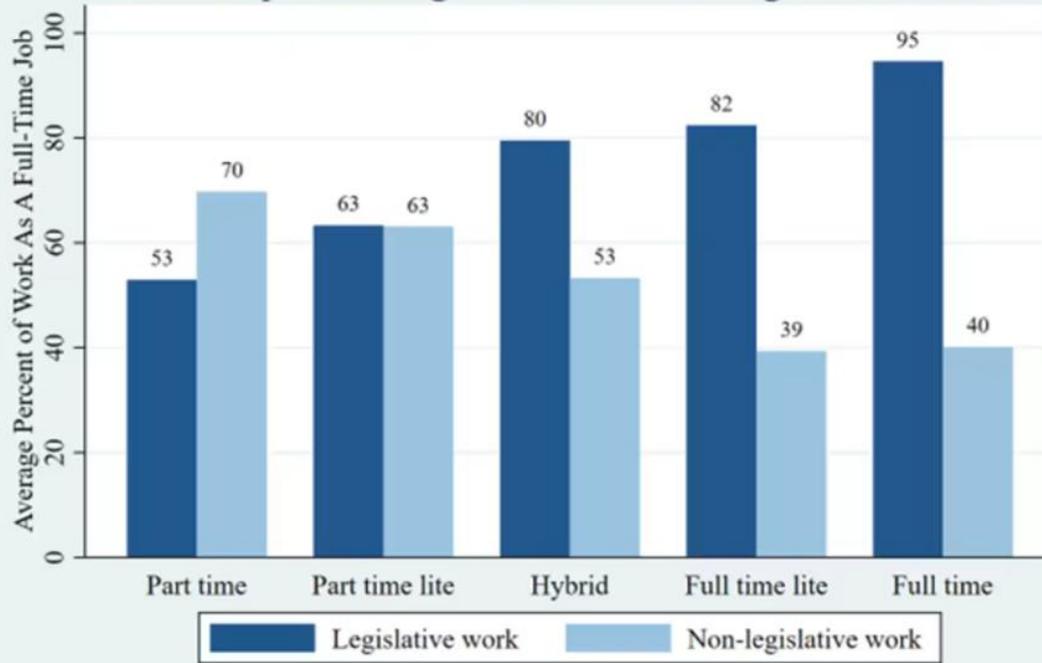
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## What is the capacity of the legislature?

- Full-time or part-time?
- Large staff or small staff?



Time Spent on Legislative and Non-Legislative Work

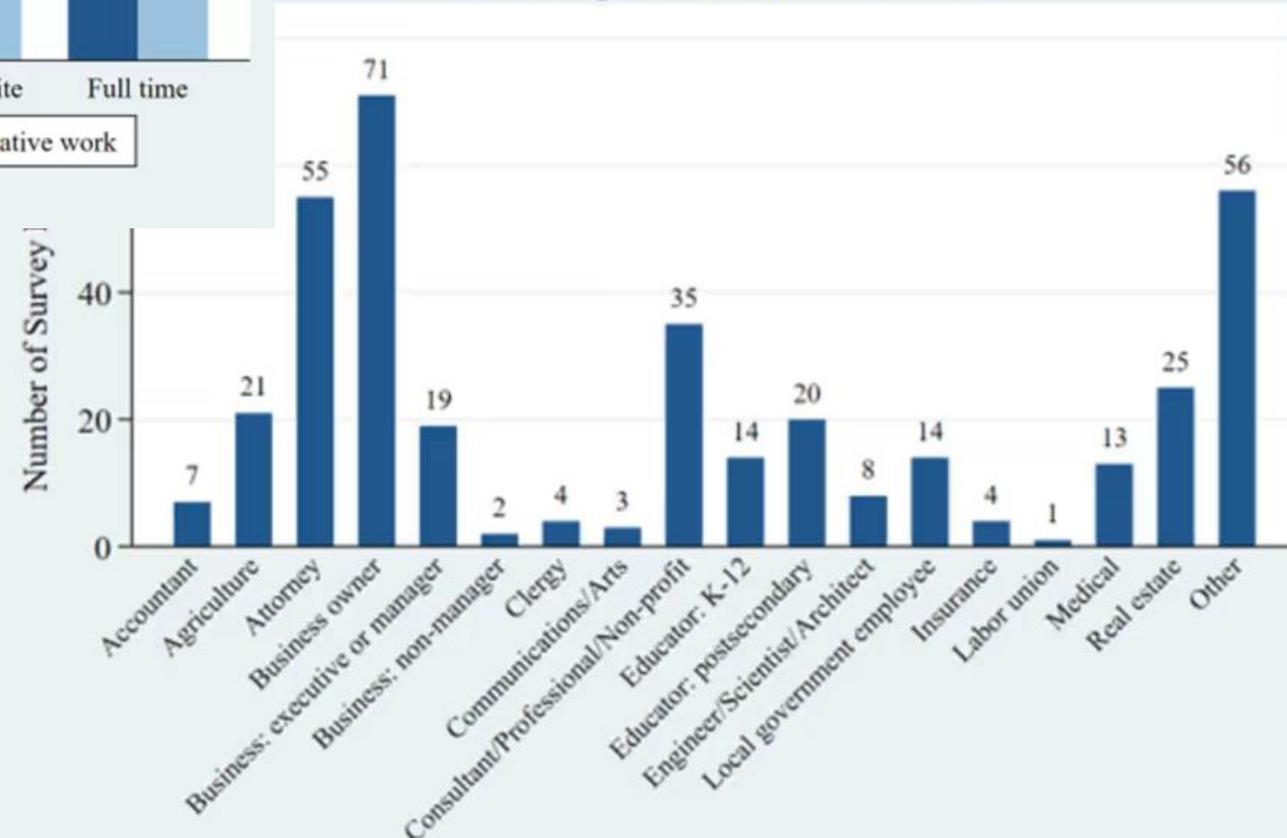


(Percentages rounded to whole numbers.)

54% of legislators are employed outside of legislature and legislators spend 40-70% of time on non-legislative work.

Source: *Legislators at Work: Insights into Legislator Time and Demographics* | NCSL (2025)

Non-Legislative Professions



# Strategies for Effective Communication

*Get to the Point, Keep it Short and Sweet*

## Contact Key Legislators

Identify committees of jurisdiction and committee chairs.

Identify yourself as a resource.

Utilize legislative staff.

## Raise Awareness

Education is fundamental.

Interaction with legislators.

Let policymakers know what information you have available.

## Frame Your Message

How does the issue affect a legislator's constituents?

What is the return on investment?

Is this policy successful in other states?

# NCSL FISCAL AND ELECTIONS PERSPECTIVE

- **Fiscal**

- Slowing revenue growth & economic uncertainty leading to conservative budgeting.
- Federal pressures related to Medicaid, SNAP, tax conformity, disaster relief, etc.
- Spending pressures in healthcare, housing and K-12.

- **Elections**

- Estimated **6,122** (*out of 7,836*) seats up for reelection in 2026 midterms
- Historical turnover rate **averages 25%** (*20 year average of 16% - 50% for specific states and territories*)



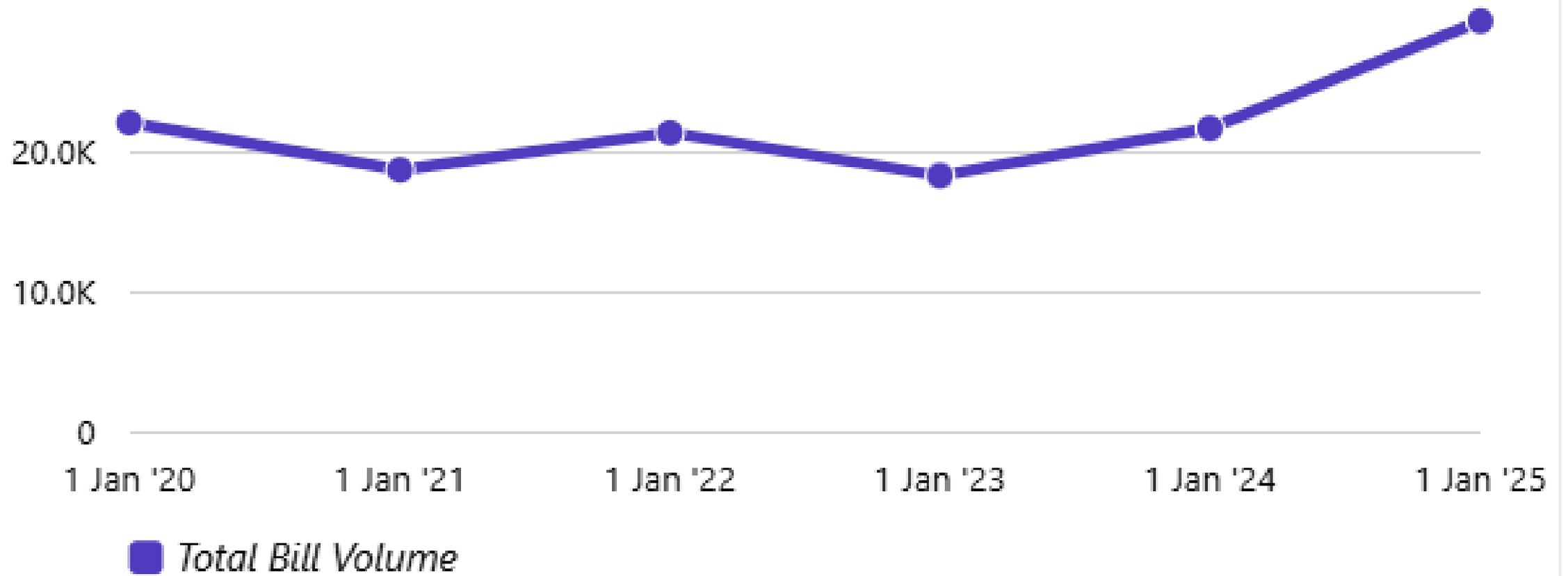
## *Fiscal Affairs Resources:*

- [NEW State Budget Shortfall Database](#)

## *Elections Resources:*

- [2026 Legislative Races by State and Chamber](#)
- [Everything You Need to Know About the 2025 Elections](#)

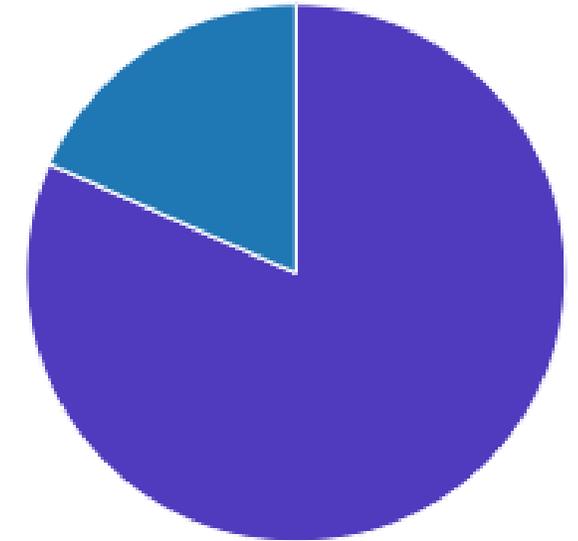
## Total Health Bills by Year



## 10-20% of Introduced Legislation is Enacted

- **18% of all enacted legislation was health-related** across the United States in 2025
- **3,700+ health bills enacted** in 2025
- Nearly **30,000 health bills introduced** in 2025

### 2025 Enacted Legislation



■ 2025 Enacted Bills

■ 2025 Enacted Health Bills

# Health Policy Hot Topics A-Z



***NCSL Database:*** [Health Costs, Coverage and Delivery State Legislation Database](#)

***NCSL Resource Coming Soon!***  
*2025 Medicaid Legislative Trends Report*

## Behavioral health was a Medicaid legislative priority in 2025

21 states enacted 35 bills related to Medicaid behavioral health in 2025



### **Illinois SB 1238** **(2025)**

Requires that nonopioid alternatives for pain management should not be covered differently than opioids on Medicaid Preferred Drug List



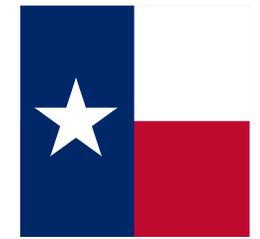
### **Louisiana HB 658** **(2025)**

Established the Medicaid Trust Fund for Addiction Recovery, funded in part through a provider tax.



### **Maine HB 1228 a** **(2025)**

Establishes a reentry services program that includes access to MaineCare benefits and resources for managing and treating SUD.



### **Texas HB 5155** **(2025)**

Appropriates funds from the opioid abatement account to continue the state's implementation of the maternal opioid misuse model of care.

# STATE LEGISLATIVE ROLE

## Medicaid in 2026 and Beyond



### Appropriate

Balance budgets, manage budget uncertainty, oversee costs, invest in systems modernization and long-term solutions.



### Oversee

Eligibility, program integrity, delivery systems, value and cost-effectiveness.

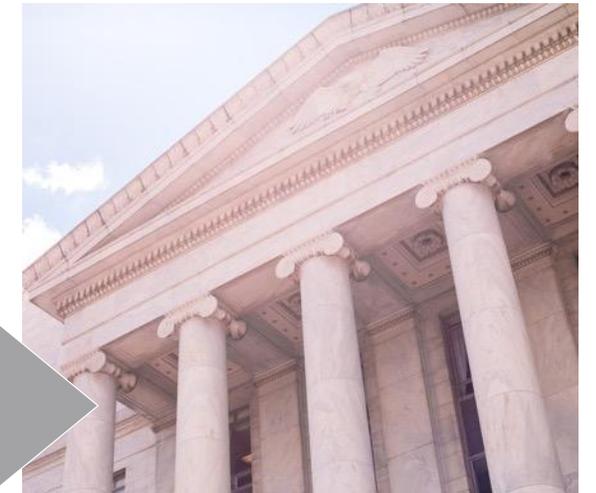
### Coordinate

Across intergovernmental and community stakeholders to implement eligibility changes, transition coverage, address economic mobility, and rural health.



### Align

Aligning state laws with new federal requirements and adapt laws for fast-moving implementations in Medicaid eligibility and rural health.



# Medicaid and State Legislatures in 2026

Medicaid Financing



# What Does OB3\* Do?

**Reduces federal Medicaid spending** over the next 10 years by addressing **federal cost drivers** in expansion eligibility, provider payments, and state financing.

*\*Also known as:  
OBBBA, "Oh-Bah," HR 1*



## ELIGIBILITY

- **71107.** Increased frequency of eligibility determinations.
- **71119.** Work or community engagement requirements.
- **71120.** Cost sharing.
- **71109 & 71110.** Non-citizen eligibility.

## FINANCING AND PAYMENT

- **71115.** Provider tax limits.
- **71116.** Limits on state directed payments
- **71117.** Provider tax waivers.

## OTHER ACCESS AND OVERSIGHT

- **71106.** Erroneous excess payments
- **71121.** New home care waiver.
- **71401.** Rural Health Transformation

# MEDICAID FINANCING 101

Distinguishing Medicaid *revenues* and *payments*

Updated NCSL Resource: [Medicaid Financing 101](#)



## REVENUE

- State general fund revenue (property tax, sales tax, income tax, etc.)
- Medicaid specific *revenue* sources:
  - **Provider taxes**
  - **Intergovernmental transfers (IGTs)**
  - **Certified public expenditures (CPEs)**

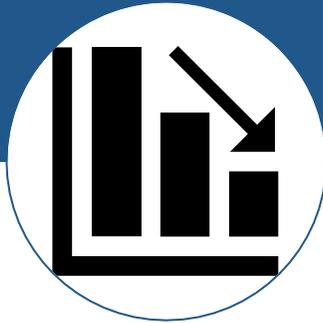


## PAYMENTS

- Base payments
- **Supplemental payments (FFS)**
  - Funded with *revenue* from provider taxes, IGTs, or CPEs.
- **Directed payments (MCO)**
  - Funded with *revenue* from provider taxes, IGTs, or CPEs.

# What Does OBBBA Do?

## Medicaid Financing and Payments



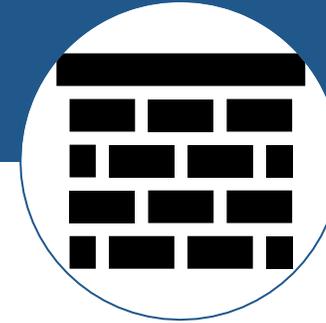
### REDUCES EXISTING PROVIDER TAXES\*

- Upper taxing rate reduced from 6% net patient revenue to 3.5%
- Existing taxes in **expansion states** reduced 0.5% per year between 2028 – 2032 down to 3.5%.



### MORATORIUM ON NEW OR INCREASED PROVIDER TAXES

- **All states** prohibited from enacting new taxes or increasing existing ones.
- “*Existing taxes*” prior to July 4, 2025 grandfathered in.



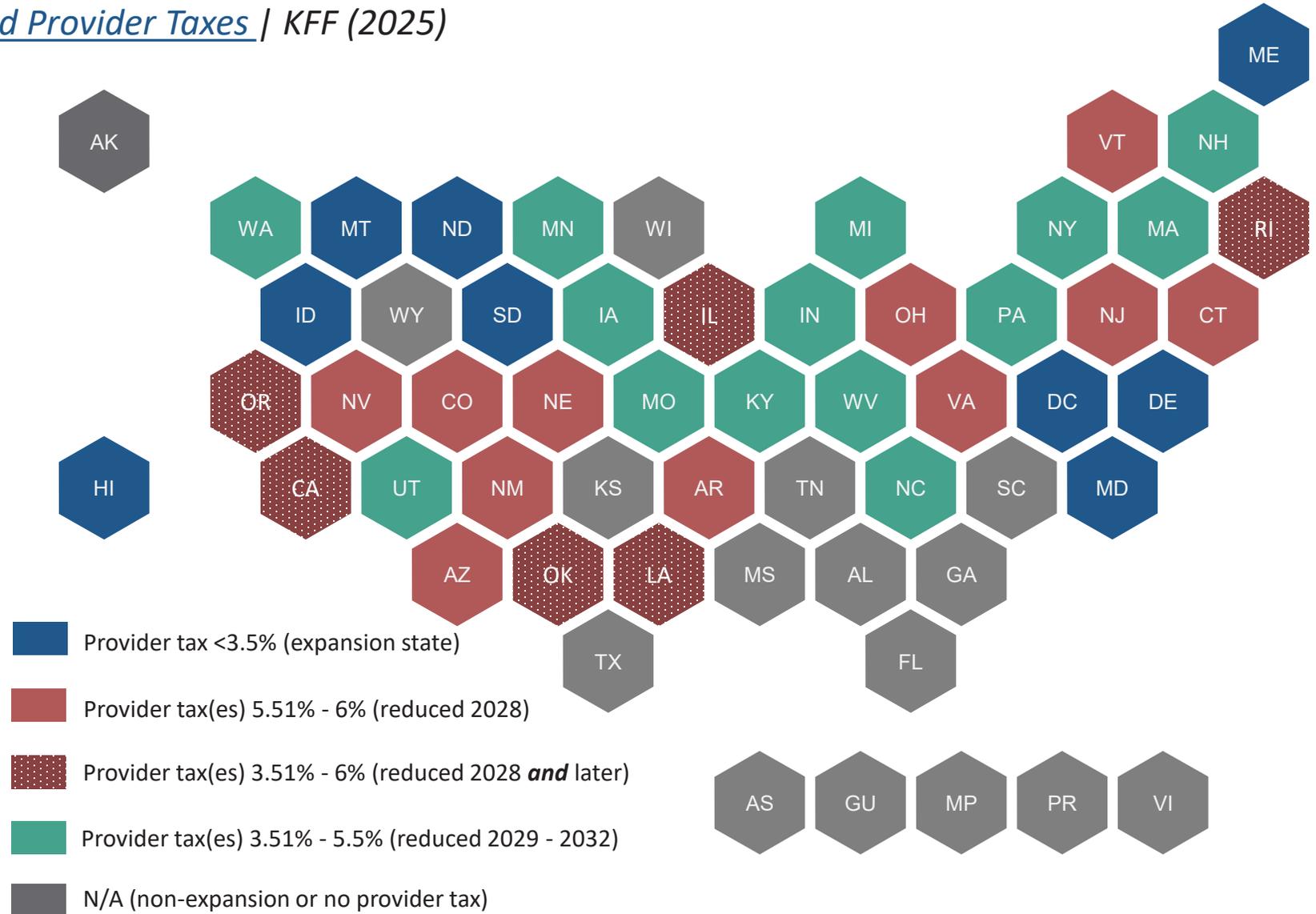
### SETS NEW UPPER PAYMENT LIMIT AND REDUCES STATE DIRECTED PAYMENTS (SDPS)

- New SDPs in **all states** subject to upper payment limit of either:
  - 100%-110% of Medicare.
  - **100%-110% of equivalent Medicaid FFS rate.**
- SDPs in **all states** reduced to new upper payment limit between 2028 – 2032.

# Existing Taxes in Expansion States – Reduced Between 2028 - 2032

Source: [5 Key Facts About Medicaid and Provider Taxes](#) | KFF (2025)

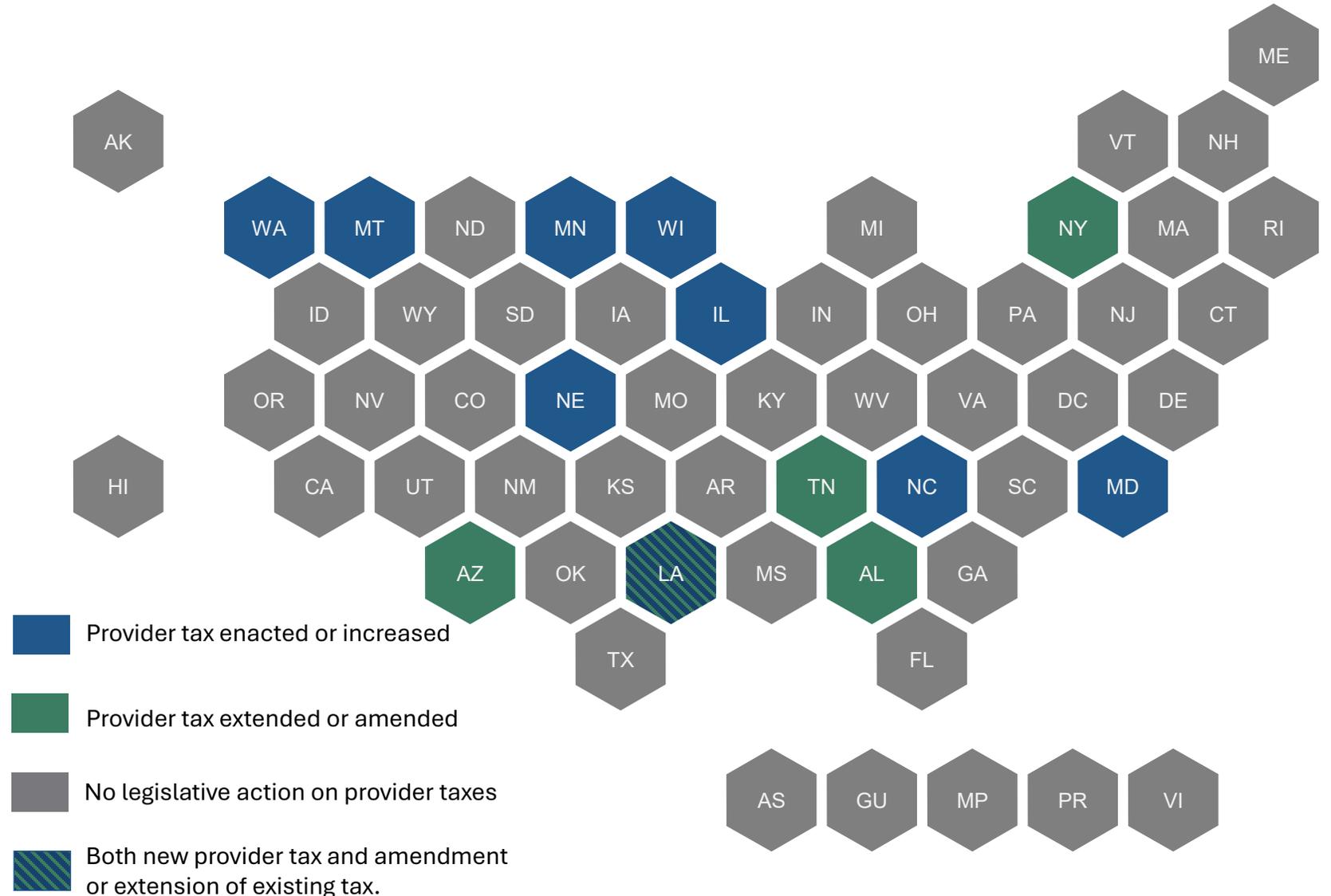
- **Nine states** no reduction.
- **17 states** reduced starting 2028.
- **Six states** reduced starting in both 2028 and later (depending on tax rate).
- **14 states** reduced starting 2029-2032.
- **11 states + 5 territories** unaffected (non-expansion or no tax)



# 2025 Provider Tax Legislation - Moratorium Potentially Implicated

Source: [Health Costs, Coverage and Delivery State Legislative Database](#) | NCSL

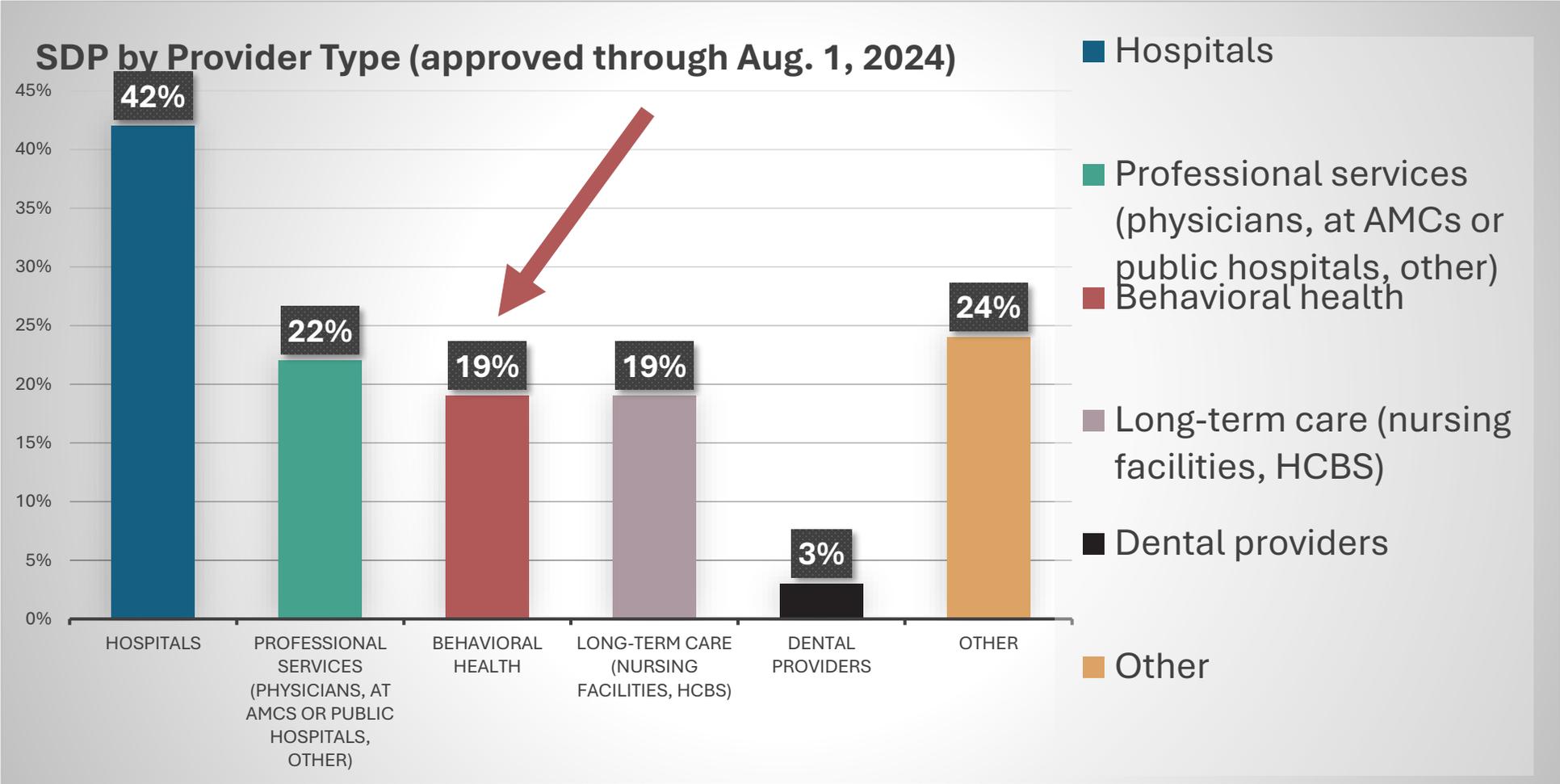
- **Nine states** enacted new provider taxes or increased existing provider taxes in 2025
- **5 states** extended or amended existing provider taxes in 2025.



# SDPs accounted for *over \$110 billion* in Medicaid spending in 2024

Behavioral health providers account for 19% of SDPs

Source(s): NCSL graphic of data from [Directed Payments in Medicaid Managed Care](#) | MACPAC (Oct 2024)



# What to Expect from Medicaid *Financing* Changes in 2026



**Plan for Budget  
Uncertainty and  
Lower Revenue in  
2026 and Beyond**

**Attention on  
Oversight,  
Program  
Integrity, Value**



**Focus on Other  
Medicaid Financing  
Mechanisms,  
Revenue Sources;  
Spending**



Database 

## Health Costs, Coverage and Delivery State Legislation

### ***NCSL Resources:***

- [Health Costs, Coverage and Delivery](#)
- [The Medicaid Puzzle: Piecing Together Policies for a Balanced Budget](#)

Navigate a Budget Shortfall

Identify Cost Drivers

Contract Program Size

Improve Health Outcomes

Exercise Oversight of Program Integrity and Administration

Maximize Revenue



Report 

## The Medicaid Puzzle: Piecing Together Policies for a Balanced Budget



# State Examples

## Cost Oversight



### **Arizona HB 2945 (2025)**

Monitor utilization; legislative approval for 10% annual increase in service use.



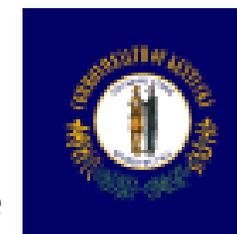
### **Idaho SB 1108 (2025)**

Requires a Medicaid report tracking appropriations against actual spending.



### **Indiana HB 1474 (2025)**

Annual report of savings from reducing use of institutional care



### **Kentucky HB 695 (2025)**

Monitor behavioral health service use and spending.



### **Mississippi HB 23 (2025)**

Requires monthly statistical and financial reports, including cash flow projections.



### **New York SB 3007 (2025)**

Requires quarterly reports on projected Medicaid spending by service and region.



# State Examples

## Medicaid Coverage in State-Funded Services



### **Massachusetts HB 1367 (2026, Pending)**

Establishes interagency group to analyze and develop strategy to claim Medicaid for eligible students of state colleges and universities.



### **Washington**

Covers incarcerated youth and young adults while they are awaiting disposition of charges.



### **West Virginia SB 268 (2023, Enacted)**

Eligible state employees can choose to participate in Medicaid; public employee benefit plan pays state's Medicaid share.



### **Wyoming**

Covers incarcerated youth and young adults while they are awaiting disposition of charges.

# State Examples

## Medicaid Revenue



### Arkansas HB 1025 (2024)

Uses tobacco settlement dollars to make up state's matching share for Medicaid breast and cervical cancer screening and treatment program.

### New Mexico SB 88 (2025) / HB 71 (2025)

Created Medicaid Trust Fund;  
Reallocated half of certain excess state revenues related to mineral leasing to the newly created Medicaid Trust Fund



### North Carolina HB 76 (2023)

Intergovernmental transfers fund part of the state's share of Medicaid expansion.

# State Examples

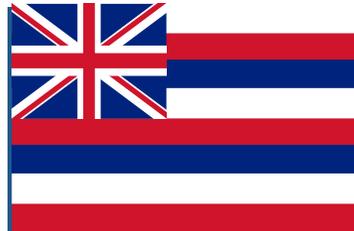
## 2026 Medicaid Financing Legislation

No enacted legislation in 2026 related to Medicaid financing as of Feb 2026.



**Alabama HB 232 (2026, Pending)**

Removes sunset clause on Medicaid private hospital assessment.



**Hawaii SB 2468 (2026, Pending)**

Establishes a surcharge on taxable income to fund state Medicaid program.



**New Hampshire HB 1794 (2026, Pending)**

Department to identify impact of Medicaid changes on access to health care.



**OKLAHOMA**

**Oklahoma 3602 (2026, Pending)**

Gradually decreases provider tax revenue annually; aligns state law with federal law.



**Virginia SB 357 (2026, Pending)**

Establishes Office of Medicaid Financial Oversight as independent agency.



**Washington SB 6173 (2026, Pending)**

Would impose assessment on certain employers of Medicaid beneficiaries.

# Medicaid and State Legislatures in 2026

Medicaid Eligibility



# What Does OB3 Do?

## Non-Citizen Eligibility, Redeterminations, Cost-Sharing



### NON-CITIZEN ELIGIBILITY

- In **all states**, some non-citizens with legal immigration status no longer eligible for Medicaid
- Effective October 1, 2026.
- Non-citizens no longer eligible include asylees, refugees, and victims of human trafficking and domestic violence.



### SIX MONTH REDETERMINATIONS

- For **expansion states** redetermine eligibility **for the expansion population** every 6 months.
- Effective January 1, 2027.



### COST-SHARING

- For **expansion states** implement cost-sharing for the **expansion population**.
- Effective October 1, 2028.
- Some services exempt
- Capped at \$35 per service and 5% of total family income annually.

# What Does OBBBA Do?

## Medicaid Work & Community Engagement Requirements, Effective January 1, 2027

### Qualifying Activities

80 hours per month (for 1-3 months):

- Work
- Community Service
- “Work program”

Enrolled in education half time

Any combination of minimum wage x80 hours

Seasonal workers with an average monthly income over 6 months of minimum wage x80 hours

### Mandatory Exemptions

Caretaker of dependent child under 13 or person with a disability

Pregnant / postpartum

Foster youth / former foster youth under 26

**Medically frail**

**Participating in SUD program**

Meeting SNAP / TANF requirements

American Indians and Alaska Natives

**Incarcerated or released from incarceration within 90 days**

Dually eligible for Medicare

### Optional Exemptions

Short-term hardship exceptions for an individual:

- **Discharged from certain inpatient care**
- In county with federally-declared emergency or disaster
- In county with high unemployment rate
- Traveled for extended period for medical care for self or dependent

# What Does OBBBA Do?

## Implementation and Program Integrity Considerations

### Erroneous Excess Payments

- Erroneous payments above a 3% allowable rate can be recouped by federal government.
  - This includes the state's **payment error rate measurement (PERM)** aka the **improper payment rate**.
- Expands the information used to calculate the rate.
- Effective October 1, 2029.

***Accuracy of state implementation of eligibility changes will impact state payment error rate and could trigger recoupments in 2029 and beyond.***



### Implementation Resources:

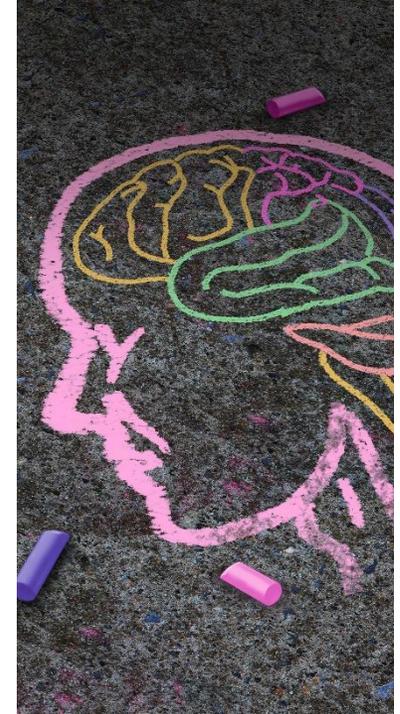
- \$200 million in grants
- 90% federal match for the **design, development, installation** and **enhancement** of eligibility systems

# What to Expect from Medicaid *Eligibility* Changes in 2026



**Implementation  
Timeline &  
Costs**

**Coverage Loss  
& Downstream  
Effects**



**Accurate  
Determinations  
Challenging for  
Special Populations**





# STATE EXAMPLES

## Modernize Systems and Processes



### **Colorado HB 1162 (2025, Enacted)**

Streamlines verification; reduces number of questions used to assess member's need for long-term services.



### **Missouri SB 45 (2023, Enacted)**

Requires state to streamline initial application for Medicaid and other benefits form to one page.



### **Iowa SB 615 (2025, Enacted)**

Created an Information Technology Fund for public benefit system modernization.



### **Virginia HB 66 (2026, Introduced)**

Directs the state agencies to modernize technology systems to administer Medicaid and other programs.

# State Examples

## Public Reporting



### California SB 1289 (2024, Enacted)

Requires public reporting on call center data related to Medi-Cal coverage, including total call volume, average wait times by language, call abandonment rate, etc.



### Nebraska LB 777 (2026, Introduced)

Would add public reporting requirements related to state's implementation of work or community engagement, including exemptions, qualifying activities, and re-enrollment.



### North Carolina HB 546 (2025, Enacted)

Requires report to legislature on work requirement implementation and funding needs.

# State Examples

## Coverage Transitions and Economic Mobility

### Washington

#### Employment Status Report

Analyzes employment status and top employers of Medicaid expansion population.



### 38 States

Have Medicaid premium assistance programs, where Medicaid covers cost-sharing for employer sponsored insurance.

### New Hampshire

#### WorkNowNH

Provides employment support and assistance to Medicaid, SNAP and TANF beneficiaries.



### Connecticut

Leveraged transitional medical assistance and subsidized marketplace plans during unwinding.

### Nevada

#### Rev. Stat. 422.27482

Requires the Nevada Office of Analytics to produce an annual report on the employers of Medicaid beneficiaries.



### Montana

#### SB 405 (2015)

The state-funded HELP-Link program provides voluntary employment supports to Medicaid expansion enrollees; enacted as part of the state's expansion.

# STATE EXAMPLES

## Interagency Coordination



### North Carolina HB 546 (2025)

Requires a report on the eligibility system that allows data sharing between county jails and the Department.



### Louisiana SB 130 (2025)

Requires interagency data cross-checks; calls for government use of technology and data platforms to verify and review eligibility criteria.

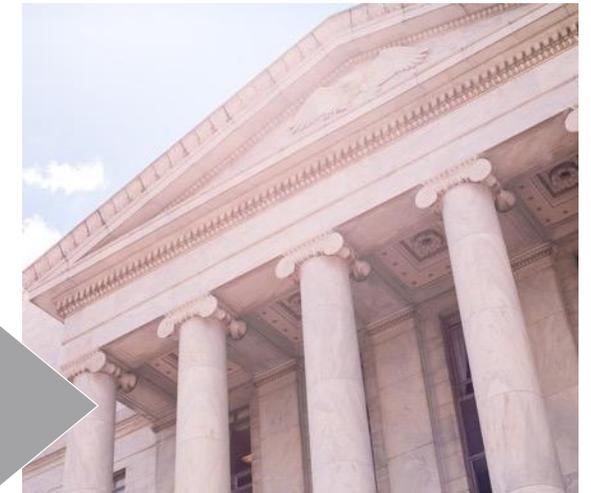
### Indiana SB 2 (2025)

Requires Medicaid to check multiple state and federal data sources, including corrections, employment and wage data, and more.



### Maine HB 764 (2023)

Requires memo of understanding between counties and health department to assist incarcerated individuals in applying for Medicaid.



# STATE EXAMPLES

## Beneficiary Communication and Outreach

**Beneficiary Advisory Councils** can be a resource for states to get real-time feedback from Medicaid beneficiaries.



### Illinois HB 4201 (2022)

Requires state universities to designate a benefits navigator to assist students in applying for benefit programs.

### Minnesota SB 2265 (2023)

Appropriated funding for navigators in response to the unwinding of the PHE.

### Montana HB 601 (2025)

Requires agency to establish online portal for community assisters to help Medicaid applicants and enrollees submit required documents.

# State Examples

## Advanced Technology and Artificial Intelligence (AI)

- **Arizona** and **Louisiana** use AI chatbots to help Medicaid members and applicants answer common questions.
- **California** automates repetitive tasks, like verifying identity, income and citizenship through cross-checking databases to reduce errors in application processing.
- **Utah, Florida, and Texas** use automated systems, including AI, to process documents and reduce manual review.
- **Maryland** awarded grant funding to develop AI tools to streamline work verification for SNAP and Medicaid and lead a multi-state cohort.

### Resources:

- [Work Requirements Implementation Toolkit](#) | Code for America
- [Exploring Artificial Intelligence and Automation in Medicaid](#) | Urban Institute (2025)
- [Leaning Into Advanced Technologies to Support State Implementation of New Federal Medicaid Requirements](#) | Manatt (2025)



# Putting it All Together



**People with behavioral health conditions may be exempt from work or community engagement requirements through mandatory or optional exemptions, but complex to implement accurately.**

**Provider tax limits may reduce existing revenue sources that support behavioral health directly or indirectly and limit new revenue sources.**



**Reductions in directed payments may reduce behavioral health provider payment rates in some states (starting in 2028) and limit new arrangements.**



**But states have flexibility in the Medicaid fee-for-service rates for certain services.**

# ADDITIONAL RESOURCES

- [Medicaid Toolkit](#) | NCSL
- [Health Costs, Coverage and Delivery State Legislation](#) | NCSL Database
- [Balancing State Medicaid Budgets](#) | NCSL
- [The Medicaid Puzzle: Piecing Together Policies for a Balanced Budget](#) | NCSL
- [Medicaid Road Ahead: Policy Options and Budget Impacts](#) | NCSL Webinar Series (2026)





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## Reach out anytime!



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[NCSL Contacts](#)



Denver, Colorado



Q&A

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