

Federal Medicaid Landscape

July 2025



HFS

Illinois Department of
Healthcare and Family Services

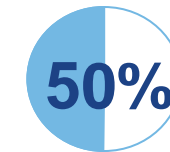
Medicaid Background



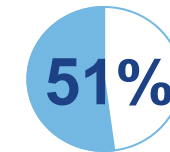
Medicaid 101

Medicaid is a joint federal and state program that provides health coverage for people with limited income and resources.

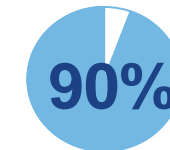
- The federal government pays a specified percentage, called the Federal Medical Assistance Percentage (FMAP), of Illinois' program expenditures.
 - The FMAP is based on the state per capita income, meaning that higher per capita income states get proportionally fewer federal dollars.
- Illinois funds its share of Medicaid expenditures through general revenue, health care related taxes (e.g., hospital assessment, nursing home assessment), and other sources.



Federal FMAP floor



IL FFY25 FMAP



ACA expansion FMAP



Medicaid 101

At the end of SFY24, over 3.4 million Illinoisans were enrolled in Medicaid.

Who are Illinois Medicaid customers?



44% are children



9% are seniors



7% are adults with disabilities



Medicaid 101

Who is covered by Medicaid?

- Medicaid provides critical coverage for several special populations. Illinois Medicaid advocacy groups shared the following statistics with HFS:
 - Medicaid covered approximately **68%** of all nursing facility days in Illinois, making Medicaid the largest insurance payer for these services in the state.
 - About **50%** of all births in Illinois are covered by Medicaid.
 - Roughly **80%** of people served by community mental health centers are Medicaid customers.*
 - About **50%** of people living with HIV in Illinois are enrolled in Medicaid. Medicaid the largest payer of HIV care in IL.*
 - Approximately **60%** of community health center patients are Medicaid customers.*

*Sources: Illinois Association of Rehabilitative Facilities (IARF), AIDS Foundation of Chicago (AFC), and the Illinois Primary Health Care Association (IPHCA).

Medicaid 101

Illinois is a Managed Care state.

- Managed Care is a method of delivering health care through a system of network providers that offer quality health care and care coordination.
- When a Medicaid customer enrolls in Managed Care, they become a member of a Health Plan. The Health Plan offers the full range of Medicaid benefits while helping to coordinate care.
- In SFY24, the Managed Care Program offered quality healthcare services and enhanced care coordination to 80% of all Medicaid customers.

Health Plan Contact Information for HealthChoice Illinois Members

- Aetna, Blue Cross, Meridian, and Molina cover All Illinois counties, including Cook
- CountyCare covers Cook County only



[Welcome to Aetna Better Health](#)
Member Services: 1-866-329-4701



[Welcome to Blue Cross Community Health Plans](#)
Member Services: 1-877-860-2837

Health Plan Contact Information for HealthChoice Illinois YouthCare Members



[Welcome to YouthCare](#)
Member Services: 844-289-2264

Health Plan Contact Information for the Medicaid Medicare Alignment Initiative Members



[Welcome to Humana Health Plan](#)
Member Services: 1-800-787-3311



[Welcome to Meridian Complete](#)
Member Services: 1-855-580-1689



[Welcome to Molina HealthCare](#)
Member Services: 1-877-901-8181

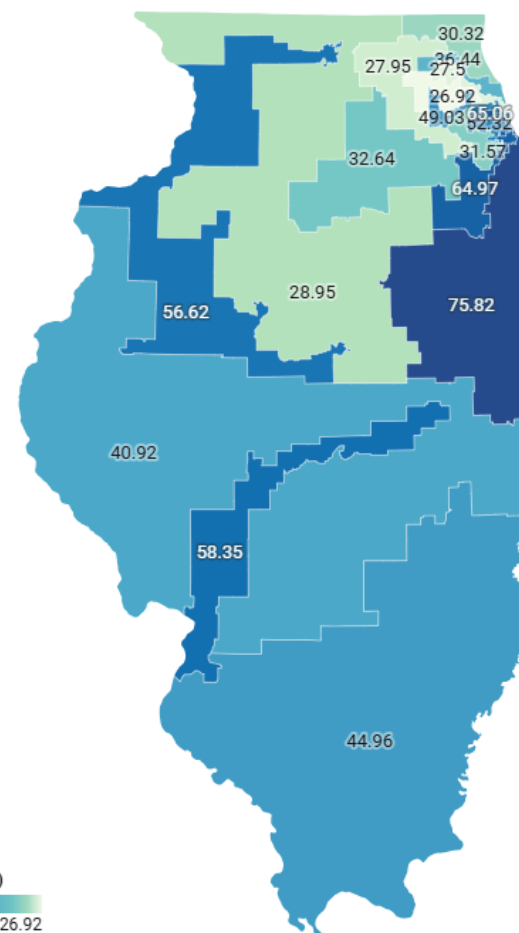




ENROLLMENT BY CONGRESSIONAL DISTRICT

SFY 2024

Congressional District	ACA Newly Eligible Adult	Children	Disabled Adults	Other Adults	Seniors	Partial	Total
01	64,971	91,707	21,180	40,432	21,112	4,164	243,566
02	75,817	133,362	23,774	53,325	22,853	5,176	314,307
03	49,034	109,846	11,717	44,838	23,494	3,565	242,494
04	52,318	131,047	10,897	56,390	23,661	3,843	278,156
05	27,499	49,337	6,246	26,494	16,463	1,994	128,033
06	31,574	58,897	7,256	28,485	12,676	2,094	140,982
07	65,059	89,837	19,199	42,266	24,341	3,704	244,406
08	26,922	77,771	6,196	29,440	16,070	2,146	158,545
09	36,436	63,032	10,099	30,012	23,297	2,373	165,249
10	30,316	76,078	7,619	28,138	13,490	2,181	157,822
11	27,948	70,183	6,672	26,743	12,274	1,815	145,635
12	44,961	80,492	18,409	33,794	15,812	3,054	196,522
13	58,351	99,991	20,912	40,231	15,730	3,610	238,825
14	32,637	78,810	8,588	30,001	10,716	1,872	162,624
15	40,916	77,380	15,197	31,294	13,419	2,710	180,916
16	28,945	64,685	9,972	25,163	8,437	2,272	139,474
17	56,616	114,156	20,717	45,602	16,636	3,802	257,529
Unknown	21,913	20,413	7,548	11,949	5,136	829	67,788
Total	772,233	1,487,024	232,198	624,597	295,617	51,204	3,462,873

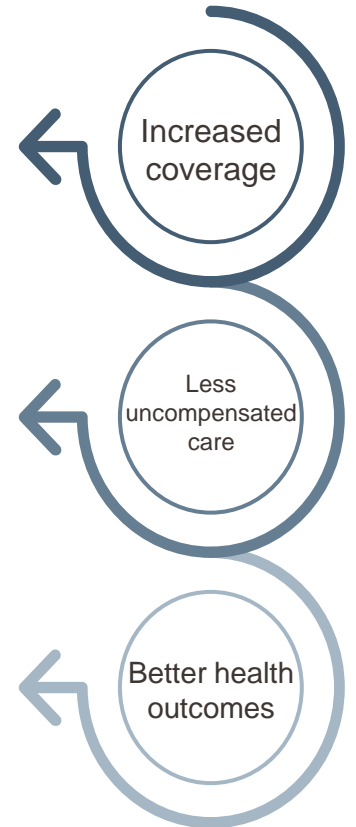


Source: Illinois Department of Healthcare & Family Services • Get the data • Created with Datawrapper



Affordable Care Act (ACA) Medicaid Expansion

- At the end of SFY24, over **770,000** adults were enrolled in Medicaid under the ACA expansion population.
 - The 2010 ACA expansion of health insurance coverage extended Medicaid to single, childless adults with incomes up to 138% of the federal poverty level (FPL) who previously had no option to enroll in Medicaid.
- Illinois implemented Medicaid expansion in January 2014. Between 2013 and 2015:
 - Hospitals saw an approximately **37% reduction** (\$675 million) in uncompensated care costs.
 - The uninsured rate **dropped by about 44%.**
- Research shows gaining Medicaid coverage improves access to preventive and primary health care, particularly in rural areas, and improves health outcomes and reduces financial strain.



Budget Impact

- In SFY24, Illinois received over **\$20 billion** from the federal government for Medicaid spending across the state. That amount made up about 62% of the total funding for Medicaid programs in Illinois.
- In SFY24, the ACA Medicaid expansion alone brought in over \$7 billion to the state in federal revenue.
- Cuts in federal funding will lead to reduced services and enrollment, as the state cannot make up the funding gap.
- For example, Home and Community-based Services, Hospice Care, and Community and Behavioral Health Services, among others, will be at risk.



Medicaid Supports the Health and Human Services Sister Agencies



Medicaid Impacts



Economic Impact

Spending and Jobs

- Data from CY24 shows that Illinois' hospitals and health systems, most of which serve Medicaid enrollees, generate about **\$117.7 billion for the state** every year.
 - This breaks down to approximately \$50.3 billion for payroll, \$61.8 billion for supplies and services, and \$5.6 billion in capital dollars.
 - Every \$1 spent on these categories generates an additional \$1.40 in spending in the state.
- The same 2024 data shows that Illinois' hospitals and health systems supported **445,000 full-time jobs**, comprising about 11% of the state's total employment.
- Manatt Health estimates that the bill would force Illinois to lose about **\$52 billion in Medicaid funds** over 10 years.

Economic Impact

Providers

- As of January 2025, there were over 240,000 healthcare providers that relied on timely payments from HFS for care they provided to Illinois Medicaid enrollees.

- In SFY24, Illinois' Medicaid program paid:



- **\$10.8 billion** to hospitals



- **\$3.8 billion** to long-term care facilities



- **\$4.5 billion** to pharmacies



- **\$2.1 billion** to physicians and clinics



Economic Impact

Local Governments

- **Federal cuts to Medicaid could leave state and local governments with vast budget shortfalls, compromising successful existing partnerships.**
- The Ground Emergency Medical Transportation (GEMT) Program is a federally funded program that was introduced to Illinois via legislation in 2019. The program allows municipalities to collect an additional Medicaid reimbursement for ambulance services, above and beyond what HFS reimburses for Medicaid claims for Emergency Transportation.
- In SFY24, HFS received **\$235 million** in federal match for emergency transportation services which is passed to providers annually as supplemental reimbursement.



Economic Impact

Local Governments

- Nationally, Medicaid is the third-largest funding stream for K-12 public schools.
- In SFY24, the Illinois School-Based Health Services program paid for healthcare services for approximately **244,000** Medicaid-enrolled students.
- In SFY22, Local Education Agencies (LEAs) were reimbursed about **\$267 million** by the Medicaid program.
- Cuts to Medicaid could compromise critical school funding.



Federal Cuts to Medicaid



The Latest in DC

- The bill was signed into law on 7/4/25.
- The bill makes drastic cuts to Medicaid.
 - CBO estimates **11.8 million** individuals could lose their health coverage by 2034.
 - Manatt projects about **330,000 Illinoisans** will lose coverage, and the state will face about a **\$51 billion reduction** in Medicaid expenditures in the next decade.
 - Cuts to Medicaid compound with changes to the ACA Marketplace that make health coverage out of reach for many low-income people.
- Proposals fall into main topics:
 - Provider taxes
 - State directed payments (SDPs)
 - Work requirements
 - Eligibility and cost-sharing
 - Coverage penalties
 - Other



OBBBA Provision	Effective Date
Freeze current and prohibit new provider taxes	July 4, 2025
Prohibit Medicaid funding to Planned Parenthood for 1 year	July 4, 2025
Cap new SDPs at 100% Medicare payment rates	July 4, 2025
Rural Provider Relief Fund	Application period will end no later than December 31, 2025
Narrow the definition of "qualified aliens"	October 1, 2026
6-month eligibility redeterminations for ACA adults	January 1, 2027
Work requirements	January 1, 2027 (January 1, 2029, with good faith effort determination)
Cost-sharing for ACA adults	October 1, 2028
Phase-down provider hold harmless threshold	October 1, 2028
Reduce current SDPs by 10 percentage points per year until the SDPs are no greater than 100% of Medicare	January 1, 2028
Modify "generally redistributive" provider tax criteria	Transition period of up to 3 years
Several other eligibility-related proposals	January 1, 2027 – October 1, 2029

Reform Provider Taxes

- Almost all states use provider taxes, in which states can levy taxes and assessments on a wide range of provider types, including hospitals and nursing facilities, to fund the state share and garner federal match to put back into the Medicaid system.
- Bill **freezes current provider taxes** as well as prohibits new ones at the time of enactment.
- Phases down the hold harmless threshold for provider taxes **from 6% to 3.5%** of net patient revenues (except for nursing home and intermediate care facilities) for expansion states starting October 1, 2028.
 - HFS anticipates about **\$4.8 billion** in loss of federal financial participation over the first 5 years of implementation.
- Bill modifies the criteria in determining whether a health-care related tax is considered “generally redistributive.” Effective upon enactment with a transition period TBD.
 - i.e., No taxing Medicaid businesses at higher rates than non-Medicaid businesses



State Directed Payments

- State directed payments (SDPs) allow states to direct Medicaid managed care organizations to make specific payments to providers.
- Bill caps new SDPs at **100% of Medicare payment levels** (110% for non-expansion states) upon enactment.
- Bill requires states to **reduce their current SDPs** by 10 percentage points per year until the SDPs are no greater than 100% of Medicare for expansion states starting January 1, 2028.
- This will require Illinois to reduce our directed payments to hospitals by about **\$3.4 billion** over the funding reduction period.



Mandatory Work Requirements

- These requirements mandate Medicaid customers prove they work or are involved in eligible activities in order to be eligible for benefits.
- Work requirements apply to non-disabled, Medicaid customers ages 19 – 64 without dependents under age 14.
- Current estimates show that between **270,000 – 500,000** Medicaid customers would lose coverage in Illinois.
- Effective January 1, 2027, though states can apply for a "good faith effort determination" exemption until January 1, 2029.



Eligibility and Cost-Sharing

- Requires states to conduct eligibility redeterminations for ACA expansion population adults **every six months**, as opposed to annually, effective January 1, 2027.
- Requires **cost sharing** for certain Medicaid expansion enrollees on or after October 1, 2028. For expansion adults with income above 100 percent of the federal poverty level (\$15,560/year), states must impose copayments (up to \$35) on all services except those exempted under existing law (e.g., primary care, prenatal care, family planning services, and emergency services).



Eligibility and Cost-Sharing, cont.

- **Limits retroactive coverage** for Medicaid to one month prior for ACA expansion adults and two months prior for other Medicaid eligibility categories and CHIP to an individual's application date (currently 90 days for all populations) beginning on or after January 1, 2027.
- Requires Medicaid programs to **regularly obtain address information** for enrolled individuals; provide specified information to HHS (e.g., SSNs of Medicaid-enrolled individuals and those applying); and use a system that HHS is required to establish to identify and act on duplicate enrollments in multiple Medicaid programs beginning January 1, 2027.



Eligibility and Cost-Sharing, cont.

- Requires state Medicaid programs to **check the Social Security Administration's Death Master File** on at least a quarterly basis to determine whether Medicaid enrollees (January 2027) and providers (January 2028) are deceased and to disenroll individuals who are determined to be deceased.
- Establishes a **ceiling of \$1,000,000 for permissible home equity values** for individuals when determining allowable assets for Medicaid beneficiaries that are eligible for long-term care services starting January 1, 2028.
 - Given the current limit in Illinois is lower (\$730,00), this provision is expected to have minimal impact in the state.



Overlap with DHS

- Congress passed major cuts to SNAP requiring near-immediate systems changes.
 - The bill cuts federal funding for SNAP, limits future benefit increases for SNAP recipients, and increases existing work requirements for SNAP eligibility.
 - Changes to work requirements will be effective as soon as 2025.
- HFS and DHS share the Integrated Eligibility System (IES).
- Systems changes take time and resources, and they require prioritization.

Coverage Penalties

- **Narrows the “qualified aliens”** – those non-citizens eligible for Medicaid benefits – to lawful permanent residents, certain Cuban immigrants, and individuals living in the U.S. through a Compact of Free Association (CoFA) effective October 1, 2026.
 - Refugees, parolees, asylees, victims of trafficking, and other groups currently considered qualified aliens would no longer qualify.
- Provides that states may only receive their **traditional federal match for emergency services provided to non-citizens**, including those who currently qualify for an enhanced rate effective October 1, 2026.
 - Currently, states can receive the enhanced ACA expansion match rate for non-citizens who would otherwise qualify as ACA expansion adults if not for their immigration status.



Coverage Penalties, cont.

- Prohibits federal payments to **“prohibited entities”** that provide abortion services for a period of 1 year following bill enactment.
 - “Prohibited entities” are defined as certain non-profit family planning providers that offer abortions for reasons other than rape, incest, or a medical emergency and that received at least \$800,000 in Medicaid payments in 2023, including funds to “affiliates” or “nationwide health care provider networks.”
 - The funding ban applies to all services offered by such entities, including family planning services.
 - In essence, this is a targeted funding ban on Planned Parenthood (PP).
 - On July 7, PP Federation of America, and two PP members – PP League of Massachusetts and PP Association of Utah – filed a lawsuit in the U.S. District Court for the District of Massachusetts against the provision. The judge granted a TRO, which is in effect for 14 days.

In CY2024, Illinois received approximately \$4M in federal reimbursement for family planning services delivered to Medicaid customers at PPIL clinics that the state will no longer be eligible to receive after the prohibition.



HFS

Illinois Department of
Healthcare and Family Services

Other Notable Proposals

- **Prohibits implementation and enforcement** of the following final rules until September 30, 2034:
 - Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment
 - Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes
 - Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting.”
- Establishes **rural provider relief fund** (total of \$50 billion for FFY 2026 – 2030) to support rural providers.
- Establishes **new 1915(c) home- and community-based waiver option** effective July 1, 2028.



HHS Ban on Taxpayer-Funded Programs

- On July 10, 2025, HHS formally rescinded a 1998 interpretation of federal law which extended federal public benefits to undocumented immigrants.
- Undocumented immigrants are already prevented from accessing most federal benefits, but HHS is taking the additional step of **rescinding a notice** that defined certain programs like free preschool and accessible health clinics in a way that allowed undocumented immigrants to use them.

