

NOVEMBER 12, 2025

STATE AND FEDERAL POLICY LANDSCAPE

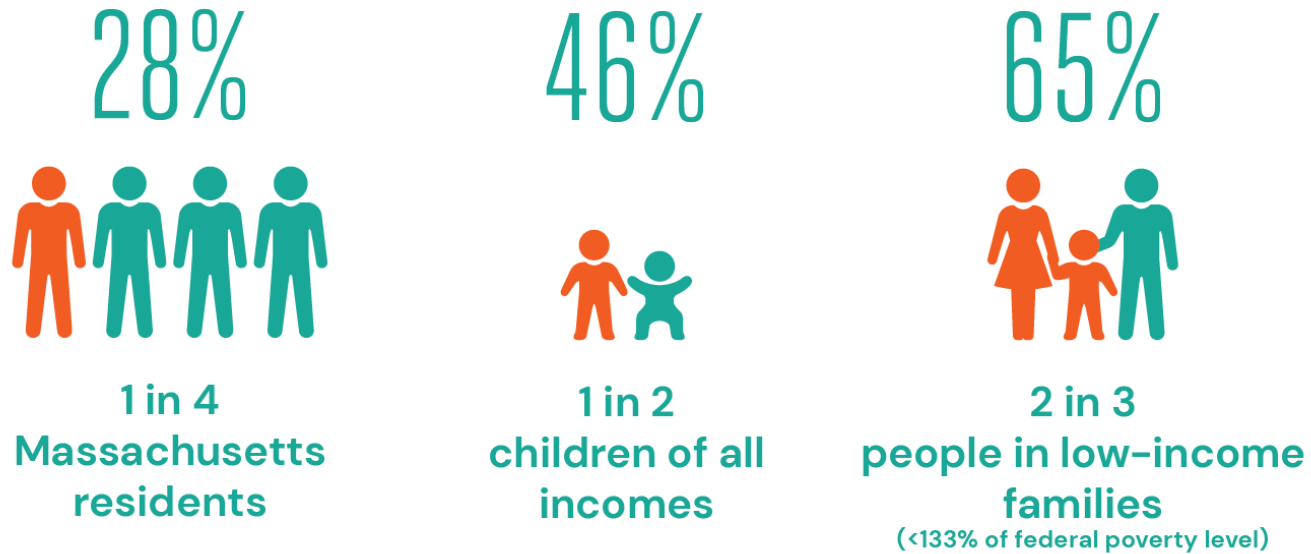
Impacts on Health Care in Massachusetts

Audrey Shelto
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Blue Cross Blue Shield of Massachusetts Foundation

MASSHEALTH: COVERAGE

MassHealth is important to many population groups, covering more than one in four state residents — around 2 million people — including low-income children, seniors, pregnant people, and people with disabilities.

MassHealth provides access to health care for more people than many realize, including:



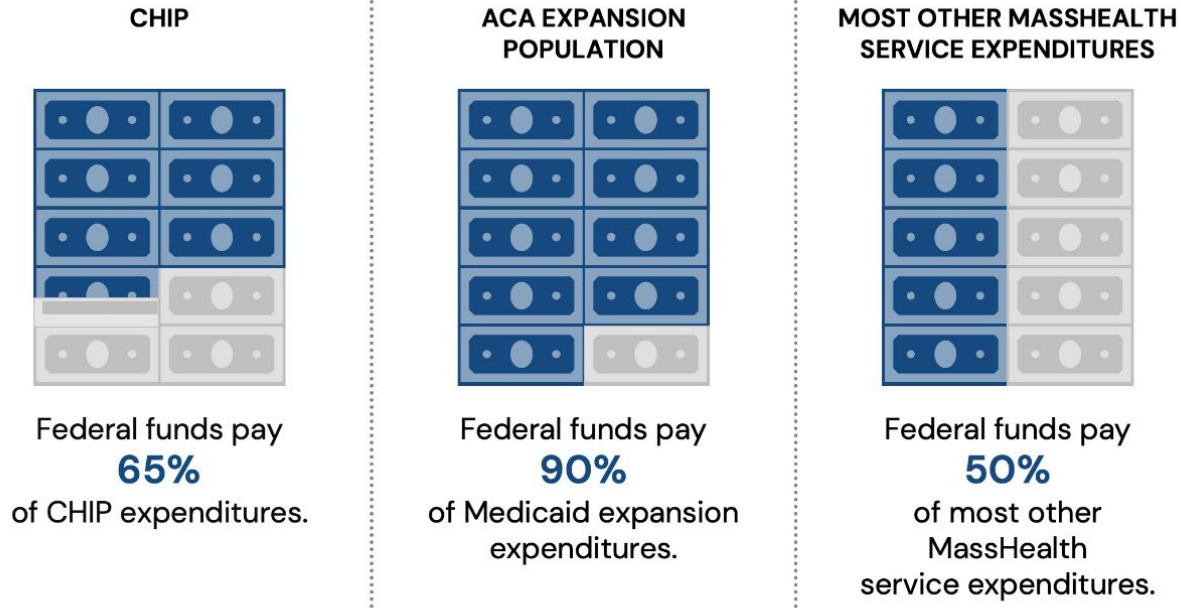
“Without [MassHealth], we couldn’t survive.”



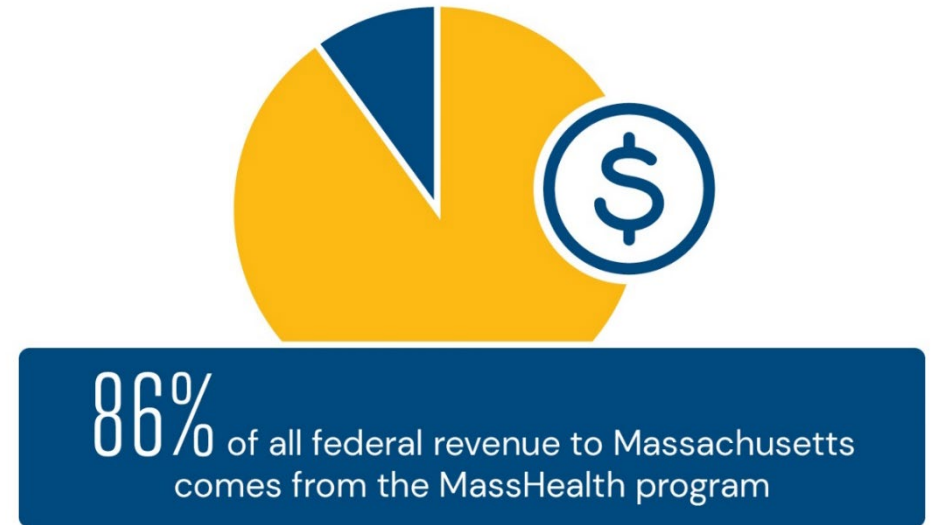
Note: These data are based on enrollment in state fiscal year (SFY) 2024

MASSHEALTH: PROGRAM SPENDING AND FEDERAL REVENUES

FEDERAL AND STATE SHARES OF MASSHEALTH EXPENDITURES, TYPICAL LEVELS



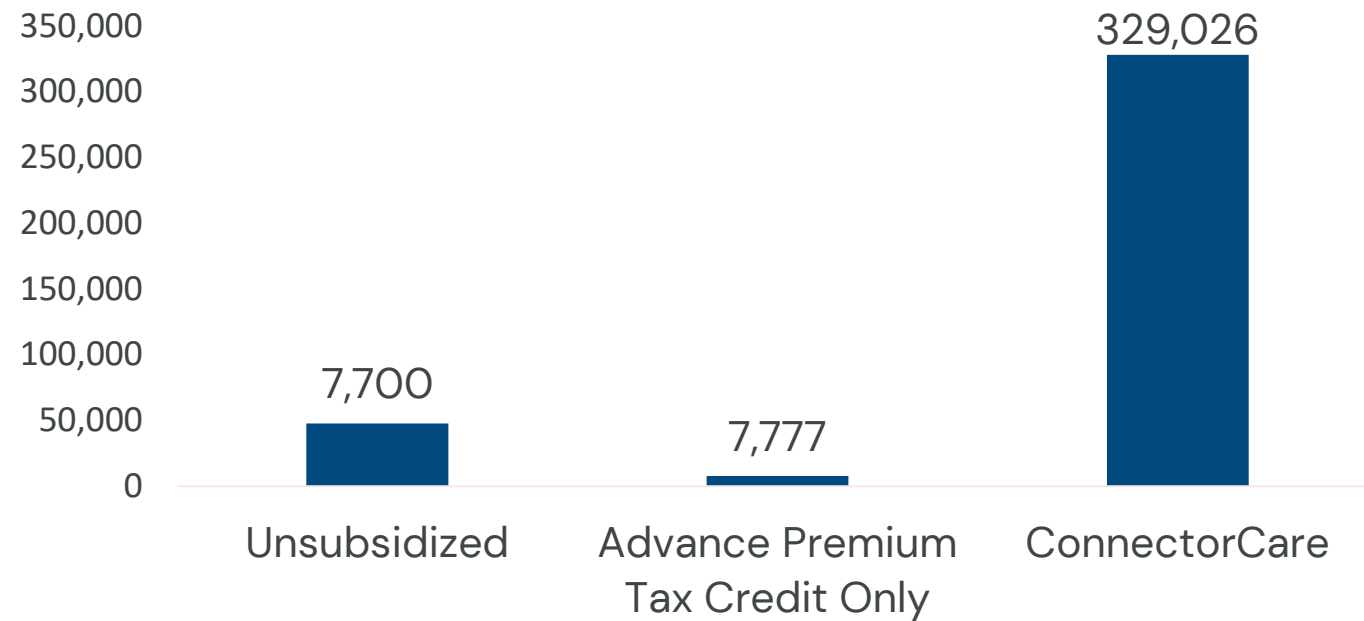
MassHealth brings in **\$12.3 BILLION** in federal revenues to support the state economy.



Note: The federal revenue data are based on MassHealth program revenue for state fiscal year 2025.

MASSACHUSETTS HEALTH CONNECTOR: OVERVIEW

The Health Connector provides health insurance coverage to almost 400,000 individuals and families in Massachusetts.



KEY MEDICAID AND MARKETPLACE PROVISIONS IN OB3

Three Areas of Health Care Cuts

**MEDICAID
ELIGIBILITY**

**MEDICAID
FINANCING**

**MARKETPLACE
ELIGIBILITY**

MEDICAID ELIGIBILITY CUTS: WORK REQUIREMENTS & SIX-MONTH REDETERMINATIONS

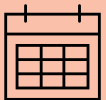
WORK REQUIREMENTS

Requires states to implement work reporting/ community engagement requirements as a condition of Medicaid eligibility for certain adults.

SIX-MONTH REDETERMINATIONS

Requires states to redetermine Medicaid eligibility every six months, instead of every 12 months, for certain adults.

- **Requirements primarily apply to people who:***
 - ✓ Are adults under 65,
 - ✓ Do not have dependent children, and
 - ✓ Are not enrolled in or applying for MassHealth on the basis of a disability or pregnancy



Effective Date: January 1, 2027**

*The populations likely affected by work requirements and six-month redeterminations are highly likely to change based on forthcoming CMS guidance and further analysis. There may also be some distinct differences between the populations subject to work requirements and those subject to six-month renewals. Lastly, certain individuals may qualify for an exemption (e.g., "Medically Frail") from these requirements.

**If state is demonstrating a "good faith" effort to comply with requirements, U.S. Health and Human Services Secretary can issue an exemption through December 31, 2028. States also have the option to start their program sooner than January 1, 2027.

MEDICAID ELIGIBILITY CUTS: IMMIGRANT COVERAGE RESTRICTIONS

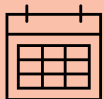
Eliminates Medicaid and CHIP eligibility for many lawfully present immigrants. As a result of this change, the state estimates **~2,500 people will lose their coverage**.

Eligibility is restricted to the following:

- ✓ Lawful permanent residents (“green card holders”) – after 5 years
- ✓ Certain Cuban and Haitian immigrants
- ✓ Compact of Free Association (COFA) migrants lawfully residing in the U.S.
- ✓ At the state option, lawfully residing children and pregnant people

Eliminates eligibility for:

- ✗ Refugees
- ✗ Individuals granted parole for at least one year
- ✗ Individuals granted asylum or related relief
- ✗ Individuals from Iraq and Afghanistan admitted on special immigrant visas, certain abused spouses and children
- ✗ Certain victims of trafficking
- ✗ Native American tribal members who were born in Canada



Effective Date: October 1, 2026

MEDICAID FINANCING CUTS: PROVIDER TAXES & STATE DIRECTED PAYMENTS

The law cuts federal Medicaid funding in a number of ways, including by placing new restrictions on **provider taxes** and **State Directed Payments**.

WHAT ARE PROVIDER TAXES?

Provider taxes are assessments on health care providers that Massachusetts – and all but one other state – uses to finance Medicaid.

OB3 restrictions on provider taxes:

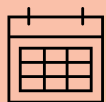
- ✓ Immediate moratorium on new or increased provider taxes.
- ✓ Requirement that expansion states with a current provider tax rate above 3.5% (except on nursing homes) reduce its tax starting in fiscal year 2028.*^

WHAT ARE STATE DIRECTED PAYMENTS (SDPs)?

Rates Medicaid programs require managed care organizations to pay to providers.

OB3 restrictions on SDPs:

- ✓ Limiting SDPs for certain services in expansion states to 100% of Medicare rates.
- ✓ Requiring expansion states with SDPs above Medicare rates for certain services to reduce payments, starting in 2028.**^



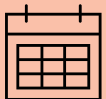
Effective Dates: *October 1, 2027; **January 1, 2028

Note: ^Effective July 4, 2025: Moratorium on new or increased provider taxes; new SDPs subject to limit on provider rates not to exceed 100% of Medicare (Medicaid expansion states).

MARKETPLACE ELIGIBILITY CHANGES

Eliminates eligibility for subsidized coverage for many lawfully present immigrants. As a result of this change, the state estimates that **over 60,000 people will lose their coverage**.

1. Lawfully present immigrants with incomes under 100% of the federal poverty level (FPL)* who not qualify for MassHealth due to immigration status, will no longer be eligible for subsidized coverage (ConnectorCare).
2. Many lawfully present immigrants with income above 100% FPL** will no longer be eligible for subsidized coverage.

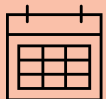


Effective Dates: *January 1, 2026; **January 1, 2027

MARKETPLACE ELIGIBILITY CHANGES (PENDING)

Enhanced Premium Tax Credits (EPTCs), established by Congress in 2021, deepened health insurance subsidies for people already eligible and expanded subsidies to people not previously eligible. Expiration of these enhanced tax credits will result in **significant premium increases** for some individuals and **elimination of subsidized coverage** through the Marketplace, or Health Connector, for others.

- Open enrollment has begun; Massachusetts residents have been receiving final eligibility notices, including premium information for 2026, that reflect elimination of these enhanced subsidies.
- People with income above 400% FPL will **no longer qualify for subsidized coverage; this is ~ 27,000 current Health Connector members.**
- People with income up to 400% FPL will still qualify for subsidized coverage, but the **subsidies will be smaller, and people will need to determine if coverage is affordable for them.**



ePTCS expire January 1, 2026, unless extended



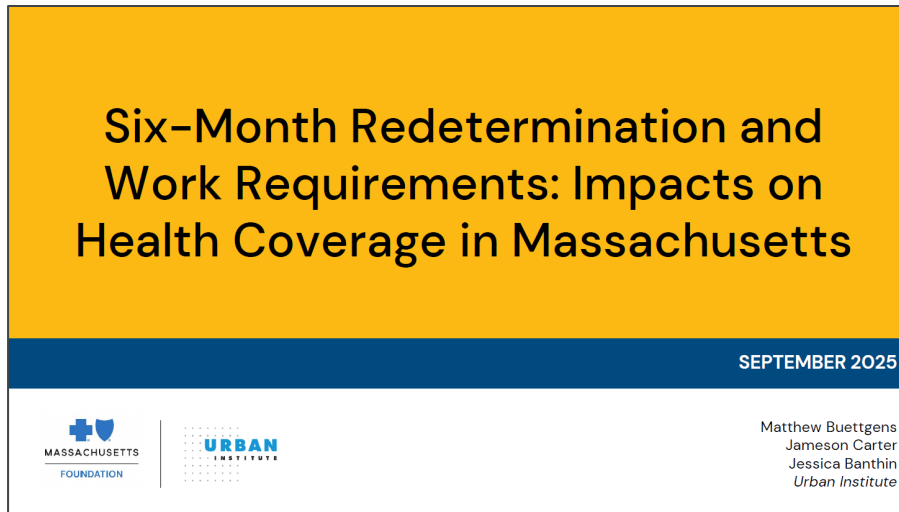
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IMPACTS OF OB3 IN MASSACHUSETTS

COVERAGE IMPACTS

- State estimates project about **300,000 people** losing MassHealth or Health Connector coverage over the next decade:
 - 200,000 estimated to lose MassHealth
 - 100,000 people estimated to lose Health Connector coverage
- Key drivers of these coverage losses:
 - Work Requirements and Six-Month Redeterminations
 - Changes in eligibility related to immigration status

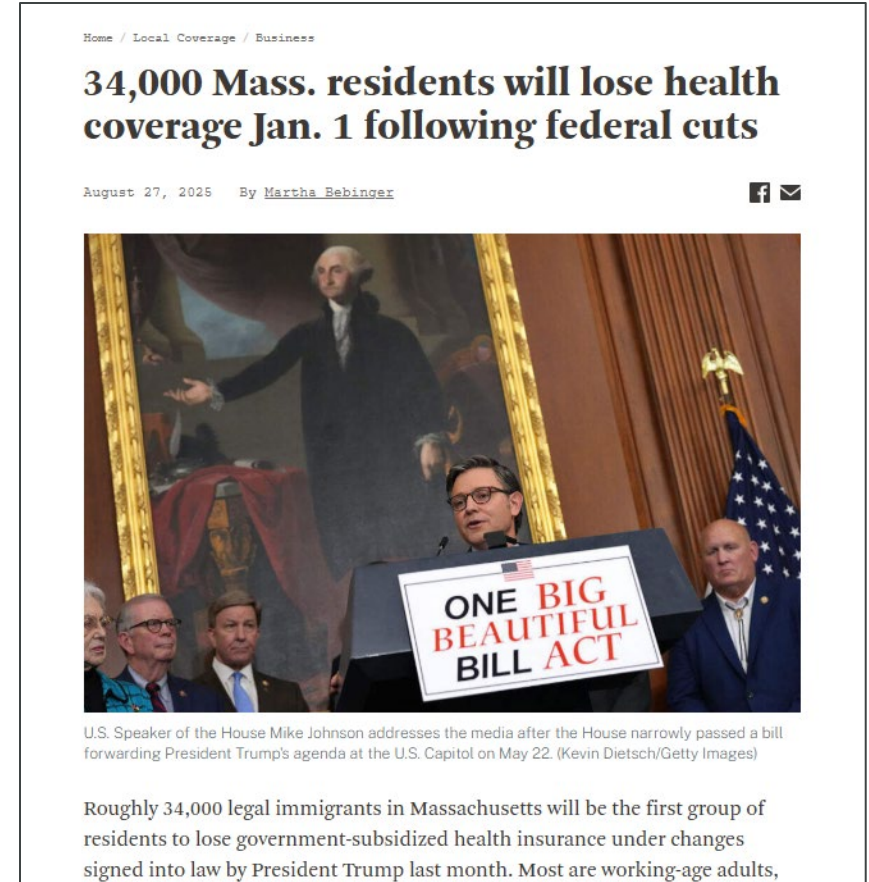


Six-Month Redetermination and Work Requirements: Impacts on Health Coverage in Massachusetts

SEPTEMBER 2025

MASSACHUSETTS FOUNDATION | URBAN INSTITUTE


Matthew Buettgens
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34,000 Mass. residents will lose health coverage Jan. 1 following federal cuts

August 27, 2025 By [Martha Rebinger](#)



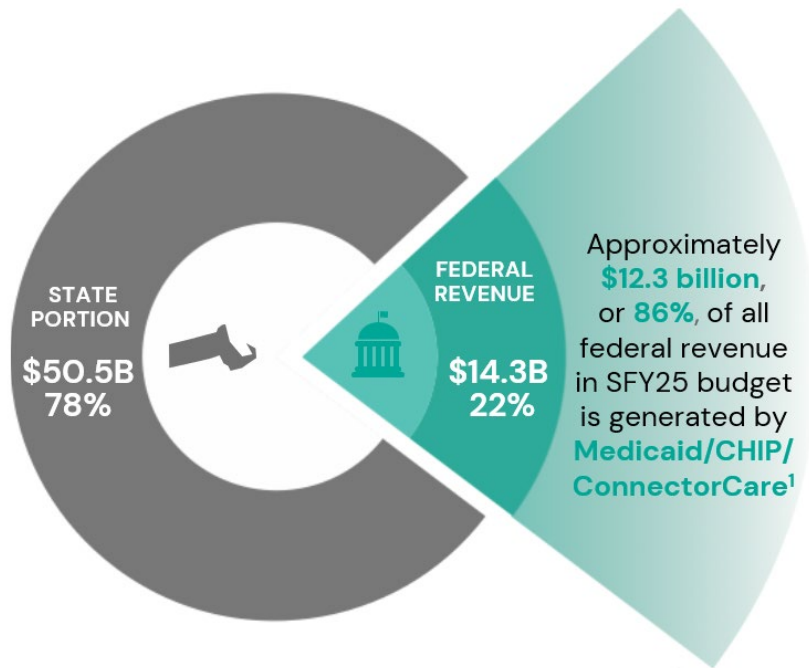
U.S. Speaker of the House Mike Johnson addresses the media after the House narrowly passed a bill forwarding President Trump's agenda at the U.S. Capitol on May 22. (Kevin Dietsch/Getty Images)

Roughly 34,000 legal immigrants in Massachusetts will be the first group of residents to lose government-subsidized health insurance under changes signed into law by President Trump last month. Most are working-age adults,

IMPACTS TO FUNDING, THE DELIVERY SYSTEM, & BROADER HEALTH CARE ACCESS

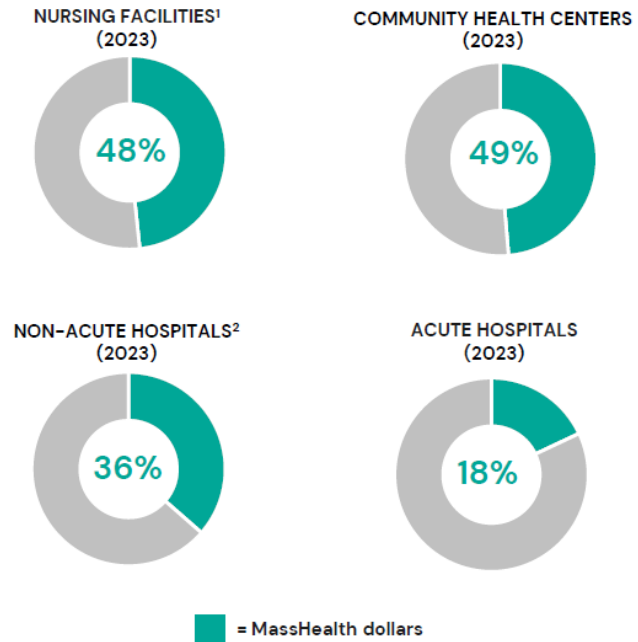
The state estimates that Massachusetts will lose **\$3.5 billion annually** once all health care provisions included in OB3 are in place. As people lose their coverage, providers will face increasing uncompensated care costs and reduced revenues from MassHealth.

MASSACHUSETTS STATE BUDGET (\$64.8 BILLION), SFY 2025



Note: Medicaid in this context includes MassHealth, and ConnectorCare premium and cost sharing subsidies; additional MassHealth 1115 waiver spending; and spending on some programs and facilities that serve people eligible for MassHealth and are administered by the Departments of Developmental Services, Mental Health, and Public Health, and MassAbility (formerly the Massachusetts Rehabilitation Commission).

MASSHEALTH REVENUE AS A PERCENTAGE OF PROVIDERS' TOTAL PATIENT REVENUES



1 Medicaid revenue includes the following: Medicaid fee-for-service revenue, Medicaid Managed Care revenue, patient paid amount, Medicaid PACE and SCO revenue, and out-of-state Medicaid revenue.

2 Includes spending for freestanding home health agencies primarily engaged in providing skilled nursing services in the home and other home-based supports.

THANK YOU

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SOURCES

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- Slide 2: **Source:** [MassHealth Basics Report, October 2025](#); **Source:** [Faces of MassHealth: Coverage Across the Commonwealth](#),
Slide 3: **Source:** [MassHealth Basics Report, October 2024](#); [What is the Actual State Cost of MassHealth in FY 2025](#); [MassHealth Matters to Massachusetts](#).
Slide 4: **Source:** [Health Connector Monthly Dashboard, October 2025](#).
Slide 12: **Source:** [Six Month Redetermination and Work Requirements: Impacts on Massachusetts](#)
Slide 13: **Source:** Chart Data: N. Wagman. ["What is the Actual Cost of MassHealth in State Fiscal Year 2025?"](#) BCBSMA Foundation. May 2024.