



ISSUE

Minimize the Harm of Federal Changes to Medical Assistance

MMA Position

A projected 140,000 Minnesotans are projected to lose Medical Assistance (MA) coverage as a result of provisions in H.R.1 (i.e., the “One Big Beautiful Bill Act”). The MMA urges the Legislature to prioritize preservation of coverage and access to care through investments in administrative efficiencies and community outreach.

Background

Approximately 22% of Minnesotans rely on MA, Minnesota’s version of Medicaid.¹ Currently, people enrolled in MA pay no premiums for coverage and no cost sharing for a comprehensive list of health services.² MA enrollees also have ready access to outpatient care – 97% of Minnesota physicians accept MA patients.³

H.R. 1 directly threatens MA coverage for low-income adults without children in two ways. First, H.R. 1 imposes new restrictions on eligibility and coverage, including new work requirements, more frequent eligibility redeterminations, shorter retroactive coverage, and new cost-sharing requirements. Second, H.R. 1 increases the administrative costs for Minnesota to administer MA, which in turn forces the state to make difficult decisions about reductions in MA eligibility, coverage, and/or provider payments. These changes are projected to result in the loss of coverage for 140,000 Minnesotans. The Minnesota Department of Human Services (DHS) also estimates that H.R. 1 will cost the state more than \$1 billion annually in increased administrative costs and decreased federal matching funds.⁴

Minnesota may have opportunities to mitigate H.R. 1’s impact on MA. The Centers for Medicare and Medicaid Services (CMS) are expected to publish detailed rules on how the general provisions in H.R. 1 are to be achieved. Minnesota may be able to work within these rules to delay changes, utilize flexibilities, simplify administrative processes, and/or seek exceptions.

The most consequential provisions of H.R.1 are scheduled to take effect as early as December 31, 2026. The Legislature must prepare now for the administrative changes needed and support community outreach and enrollee awareness. Given the expected financial impact on the state budget, MMA urges the Legislature and Department of Human Services to engage physicians in decisions that may affect broader eligibility, benefits, or provider payments.⁵

Talking Points

- H.R. 1, the “One Big Beautiful Bill Act”, is projected to result in the loss of coverage for 140,000 Minnesotans.
- The Legislature should support DHS as it works within federal rules to minimize H.R. 1’s impact on MA.
- The Legislature should meaningfully involve physicians before making decisions to reduce MA eligibility, coverage, and/or provider payments in reaction to federal Medicaid cuts.

References

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3. State Health Access Data Assistance Center (SHADAC), “Assessing Physician Acceptance of Medicaid Patients Using State Health Compare,” 2022, <https://www.shadac.org/news/14-17-physician-Mcaid-SHC#:~:text=However%2C%20in%20twelve%20states%2C%20physicians.of%20Medicaid%20versus%20private%20insurance.>
4. Minnesota Department of Human Services, “Summary of Medicaid provisions in the 2025 federal reconciliation bill,” https://mn.gov/dhs/assets/summary-of-medicaid-provisions-in-the-2025-federal-reconciliation-bill_tcm1053-685438.pdf
5. Minnesota Department of Human Services, “Minnesota Health Care Programs Fee for Service Outpatient Services Rates Study,” August 2023, <https://www.lrl.mn.gov/docs/2023/mandat-ed/231528.pdf>, pp. 26-27