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# Impact of Federal One Big Beautiful Bill Act on Maryland's Health and Human Services Programs

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January 2026



# Overview

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- Statutory changes in the One Big Beautiful Bill Act (OBBBA) will adversely impact Maryland finances and result in some Maryland residents losing access to entitlement programs and the health exchange
- This presentation focuses on Medicaid, Supplemental Nutrition Assistance Payments (SNAP), and the Health Insurance Marketplace. Impacts on the marketplace include the failure to extend the enhanced premium subsidies. There may be other losses of federal funds not captured in this analysis
- There is some uncertainty about how the Centers for Medicare and Medicaid Services (CMS) will interpret and implement Medicaid provisions related to provider taxes and coverage of certain immigrants. Depending on the interpretation, the impact could range from minimal to significant



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# SNAP

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# SNAP – Cost-sharing Requirements

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- Before the OBBBA
  - The federal government paid 100% of the benefits for SNAP
  - The administrative costs were shared evenly (50/50) between the State and federal government.



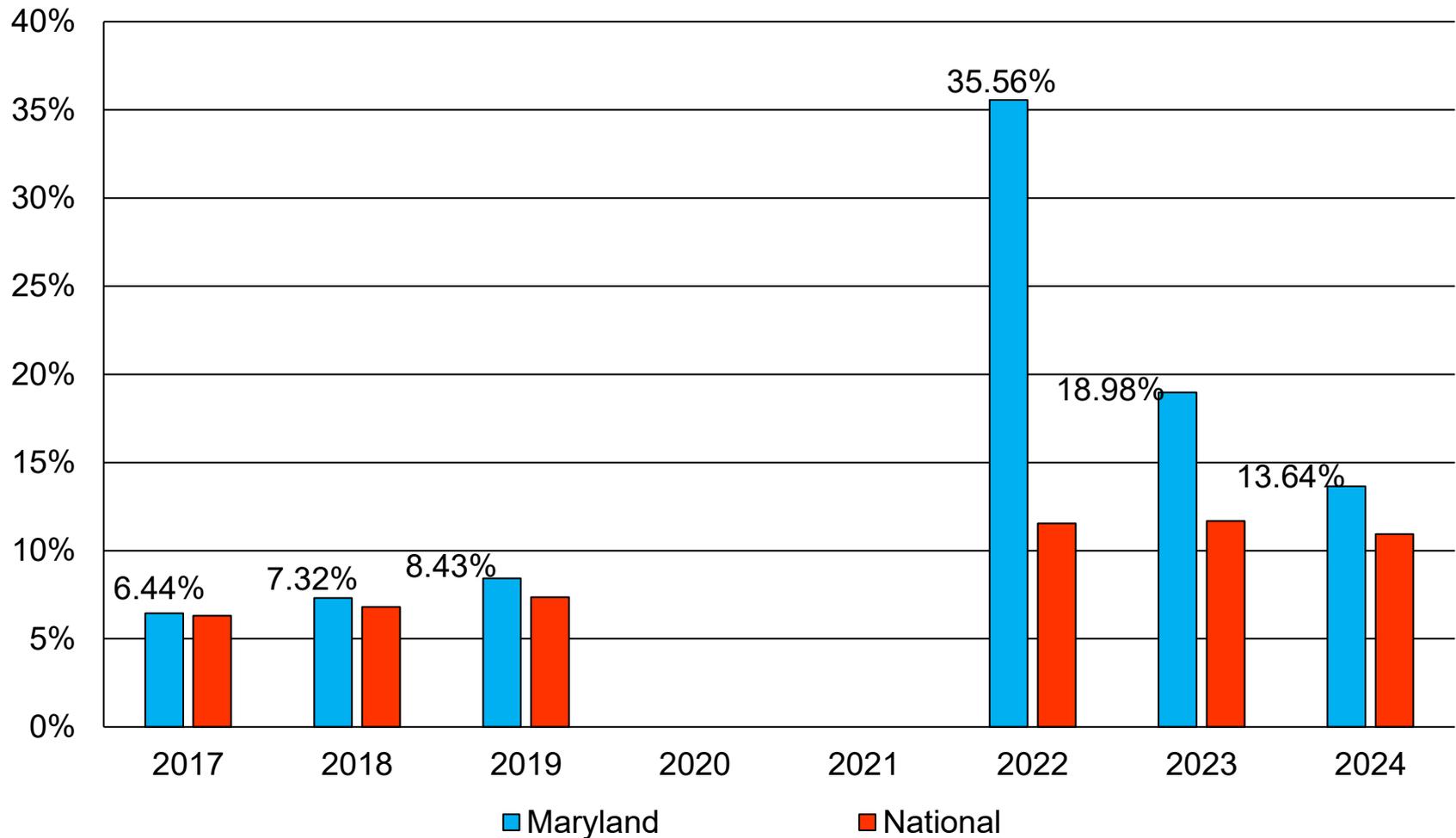
# Benefit Cost Sharing

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- Beginning in federal fiscal year (FFY) 2028, states would be responsible for a cost share if the payment error rate is 6% or higher
  - 5% if the payment error rate is 6% to 8%
  - 10% if the payment error rate is 8% to 10%
  - 15% if the payment error rate is 10% or higher
- In FFY 2028, states could use either the FFY 2025 or 2026 rate in determining the cost share. Beginning in FFY 2029, the cost share would be based on the third preceding year (for example, in FFY 2029 it would be based on FFY 2026 payment error rate)
- The Act authorizes a delayed implementation for states with a payment error rate that, when multiplied by 1.5, is equal to or exceeds 20%
  - Delayed to FFY 2029 if the FFY 2025 rate meets this criteria
  - Delayed to FFY 2030 if the FFY 2026 rate meets this criteria.



# Maryland Payment Error Rate Federal Fiscal 2017-2024





# Impact of Benefit Cost Sharing Changes

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- Accounting for other eligibility and benefit changes, the Department of Legislative Services (DLS) estimates benefit costs in State fiscal 2028 of \$1.28 billion
  - For each 5% cost share at that level, Maryland would be responsible for \$64 million
- Maryland's most recent payment error rate (13.64% in FFY 2024) would make the State responsible for the maximum under the Act. In State fiscal 2028, DLS estimates that this would total \$144 million because it is in effect for only three-quarters of a year. The estimated annualized impact if it were in effect for all of fiscal 2028 would be \$200 million
  - At the FFY 2024 rate, the State would be eligible for a delayed implementation. However, any decrease in the payment error rate will remove the State from the delayed implementation provisions



# Administrative Cost Sharing

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- The State share of administrative costs increases from 50% to 75% beginning in FFY 2027 (October 1, 2026)
  - Based on the fiscal 2026 appropriation, the annualized impact of the change is about \$80 million, with a lower impact in the first year due to implementation for only three-quarters of the year
  - Other provisions may increase administrative costs, so actual impact will vary



# Work Requirements – Prior to the OBBBA

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- Able-bodied adults without dependents are limited to receipt of benefits for 3 months in a 36-month period unless working or participating in employment and training for an average of 20 or more hours per week (80 hours per month)
- Individuals are exempt if physically or mentally unfit to work, pregnant, caring for a dependent child, homeless, a veteran, or under age 25 and aged out of foster care
- States receive discretionary exemptions annually that relieve the requirement for 1 month per exemption
- Between May 2024 and July 2025 (the most recent data available), the Department of Human Services (DHS) reported that 29,705 cases were closed (at least temporarily) due to failure to meet work requirements, of which 7,982 were reopened during that period



# Work Requirement Changes

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- Increases the upper age limit from 54 to 64
- Expands requirements to households with dependents age 14 and above
- As of October 2025, DHS reports 665,503 SNAP recipients (369,891 households)
  - Based on May caseloads, DHS reported that 79,696 adults will be newly subject to work requirements as a result of these provisions
  - A portion of these individuals are likely to comply or qualify for exemptions
  - DHS began screening new applicants and recipients who have a redetermination processed beginning November 2025 to determine if they qualify for exemptions or are determined to meet the expanded requirements.
  - Because individuals can receive benefits for three months without loss of benefit for meeting requirements, and the U.S. Department of Agriculture (USDA) determined that November 2025 will not count due to the impacts of the shutdown, March 2026 is the first month where impacts of the new requirements may be felt
  - However, DLS notes some individuals will continue to receive benefits due to being exempt or complying with the requirements



# Work Requirement Changes (Cont.)

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- Removes exemptions for homeless, veterans, and former foster youth
  - DHS reported about 29,000 homeless individuals that are currently enrolled in SNAP. Estimates for veterans and foster youth are not available
- DHS anticipates increased administrative costs (unspecified amount) to engage customers in work activities, monitor compliance, and handle increased churn in the caseloads as households lose and re-enter benefits.
  - Data from May 2024 to July 2025 indicate around 30% of cases closed due to work requirements during that time period reopened later in that period
  - Initial increases in costs will result from both technology and staffing needs



# Other SNAP Eligibility Impacts

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- The OBBBA excludes certain lawfully present individuals from receiving benefits. This guidance primarily impacts refugees, asylees, and certain other humanitarian parolees
  - Although initial USDA guidance indicated that these individuals would not be eligible even after a change in status, updated guidance returns to prior law, allowing these individuals to become eligible after a change in status to lawful permanent residents
  - DHS reports that in FFY 2024, Maryland had at least 2,912 refugees, 2,094 asylees, and 2,641 humanitarian parolees or others on special immigrant visas. If all of these individuals are currently receiving SNAP at the average monthly benefit per recipient, the households will lose \$16.7 million in SNAP benefits per year



# SNAP Benefit Changes

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- Prior to the OBBBA, all households were able to exclude income from energy assistance. In addition, households who received a Low Income Home Energy Assistance Program benefit of \$20 or more qualified for a higher SNAP benefit
  - The new law limits to households with disabled or elderly individuals. DHS began implementing this change for new applicants in November 2025. Existing recipients will be impacted at the date of their redetermination for redeterminations processed beginning in November 2025
  - The Congressional Budget Office estimates that 3% of SNAP households nationwide will have benefits reduced by \$100 per month
  - DHS indicates that 118,697 households will lose the deduction due to this change. However, DLS anticipates that some households will continue to qualify for the deduction based on documented utility costs. DLS anticipates approximately \$209 million in reduced benefits for individuals due to this change when fully implemented, with estimated savings to the State of \$23.5 million beginning in fiscal 2028



# Estimated Number of Individuals Newly Subject to Work Requirements – May 2025

	<u>Newly Subject to Work Requirements</u>	<u>Total SNAP</u>		<u>Newly Subject to Work Requirements</u>	<u>Total SNAP</u>
Allegany	1,978	13,894	Harford	2,641	22,085
Anne Arundel	5,005	41,183	Howard	1,903	18,338
Baltimore City	20,356	143,761	Kent	299	2,154
Baltimore	11,173	101,599	Montgomery	6,377	68,143
Calvert	936	6,174	Prince George's	10,774	104,184
Caroline	731	5,467	Queen Anne's	411	3,382
Carroll	1,220	8,987	St. Mary's	1,509	10,993
Cecil	1,651	13,032	Somerset	695	5,749
Charles	1,967	15,800	Talbot	505	3,828
Dorchester	961	7,390	Washington	2,874	23,212
Frederick	2,119	18,957	Wicomico	2,079	19,572
Garrett	595	3,834	Worcester	937	6,263
			<b>Total</b>	<b>79,696</b>	<b>667,981</b>



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# Medicaid Provisions

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# Work Requirements

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- Establishes an eligibility requirement for Affordable Care Act (ACA) expansion adults ages 19 to 64 to work or participate in qualifying activities (educational or work program) for 80 hours per month
- States are required to exempt certain adults (parents/caretakers of a dependent child ages 13 and under, medically frail individuals, etc.)
- Work requirements take effect January 1, 2027, but states may be exempted until January 1, 2029, if the state demonstrates a good faith effort to comply



# Eligibility Redetermination

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- Under current law, states must redetermine Medicaid eligibility for participants at least every 12 months
- The OBBBA requires eligibility redeterminations at least every 6 months for ACA expansion adults, starting with renewals on January 1, 2027
- The Maryland Department of Health (MDH) has previously estimated that administrative costs for redetermination would increase by over \$20 million



# Coverage of Qualified Immigrants and Undocumented Immigrants

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- Removes coverage for refugees and asylum seekers
  - Limits the definition of qualified immigrants covered under Medicaid/Maryland Children's Health Program to lawful permanent residents and other specified exceptions, such as Cuban and Haitian nationals and individuals in the United States under a Compact of Free Association
  - MDH projected 15,000 individuals may lose coverage due to this provision
- Reduces federal reimbursement to the standard match (50% for Maryland) for emergency medical services (EMS) provided to undocumented immigrants who would otherwise be in the ACA expansion group
- Both provisions take effect on October 1, 2026



# Projected Impact of Disenrollments

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- Both Kaiser Family Foundation (KFF) and MDH estimate approximately 130,000 disenrollments resulting from all provisions in the Act
  - This would be 40% of the December 2025 ACA expansion enrollment of 326,506
  - Due to the delayed implementation dates, DLS estimates that annual savings from disenrollments would be over \$1.4 billion in total funds (approximately \$140 million in general funds) starting in fiscal 2028
  - These savings from disenrollment would be partially offset by the increase in administrative costs for staffing, information technology, and communication needs to establish work requirements and conduct more frequent eligibility checks



# Projected ACA Disenrollments by County

<u>County</u>	<u>Estimated Disenrollment</u>	<u>Percent Allocation</u>
Allegany	1,966	1.5%
Anne Arundel	9,258	7.1%
Baltimore City	24,065	18.5%
Baltimore	19,197	14.8%
Calvert	1,378	1.1%
Caroline	928	0.7%
Carroll	2,202	1.7%
Cecil	2,310	1.8%
Charles	3,202	2.5%
Dorchester	1,106	0.9%
Frederick	3,986	3.1%
Garrett	700	0.5%
Harford	4,505	3.5%

<u>County</u>	<u>Estimated Disenrollment</u>	<u>Percent Allocation</u>
Howard	4,435	3.4%
Kent	439	0.3%
Montgomery	16,609	12.8%
Out-of-state	217	0.2%
Prince George's	21,125	16.3%
Queen Anne's	705	0.5%
Somerset	748	0.6%
St. Mary's	1,966	1.5%
Talbot	684	0.5%
Washington	3,947	3.0%
Wicomico	2,991	2.3%
Worcester	1,332	1.0%
<b>Total</b>	<b>130,000</b>	

Note: This projection assumes all disenrollments affect the ACA expansion coverage group. Some provisions, such as the provision on qualified immigrant coverage, may also affect other eligibility groups.



# Current Provider Assessments Supporting Medicaid

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- In fiscal 2026, MDH and the Health Services Cost Review Commission (HSCRC) will receive a combined \$738 million from hospital assessments
- Maryland also generates State revenue from nursing home (\$158 million) and managed care organization (MCO) assessments



# Provider Taxes

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- The OBBBA gradually reduces the cap on provider taxes by 0.5% of net patient revenues each year beginning in FFY 2028 until the cap decreases from 6% to 3.5% in FFY 2032
- The reduced cap would not apply to provider taxes on nursing homes and facilities for individuals with developmental disabilities
- No further increases or new assessments would be allowed
- MDH indicates that existing assessments on hospitals and MCOs are not expected to be reduced due to the caps



# Projected Impact of Provider Tax Changes

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- Maryland's current implementation of hospital assessments is at risk due to two concerns
  - Maryland collects hospital assessments through HSCRC's rate setting authority rather than through the CMS process for approving Medicaid provider taxes. This creates some uncertainty going forward
  - Current assessments apply to hospitals regulated by HSCRC. To meet CMS uniform and broad-based tax requirements, MDH may need to expand the tax to other specialty hospitals
- Technical provisions in the Act may require Maryland to expand the existing nursing home provider tax and MCO assessments to entities that are currently exempt



# Cost Sharing

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- Effective October 1, 2028, eliminates certain fees and premiums and requires copays of up to \$35 per service for ACA expansion adults with incomes above 100% of the federal poverty limit
  - Certain services are excluded (EMS, primary care, mental health, etc.)
  - Overall limit in current law for out-of-pocket costs is still in place at 5% of family income
- Adds a barrier that could lead to reduced health care utilization and enrollment
- Actual impact would depend on how high copays are set, if MDH raises copays



# Prohibition on Reimbursement for Planned Parenthood

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- Prohibits federal reimbursement for all services from certain abortion care providers, effective for one year, through July 4, 2026
  - All services provided by Planned Parenthood would no longer qualify for a federal match
  - MDH estimated a State fund impact of \$2 million to replace lost federal matching funds
  - Maryland is 1 of 22 states that filed legal challenges to this provision. Preliminary injunctions were temporarily in place through September 2025 and in December 2025



# Other Medicaid Provisions

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- Reduces retroactive coverage of medical expenses incurred prior to enrollment (currently set at 3 months)
  - Limits to 1 month for ACA expansion and 2 months for traditional Medicaid enrollees
  - Effective January 1, 2027
- Gradually reduces State Directed Payments, which adjust rates paid by MCOs by 10% each year starting January 1, 2027, until payments reach limit of 100% of Medicare rates
- Allows states to apply for Home and Community-Based Services waivers for participants who do not require an institutional level of care. Waiver approvals may begin July 1, 2028



# Rural Health Transformation Program

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- From FFY 2026 to 2030, a total of \$50 billion will be distributed to states to improve access for rural residents to hospitals and health care providers
  - 50% of the funding will be allocated evenly among states with an approved application
  - The remaining 50% will be distributed at the discretion of CMS, accounting for the population of rural residents
- Rural providers include health clinics, federally qualified health centers, community mental health centers, and certified community behavioral health clinics, among others



# Rural Health Transformation Program (Cont.)

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- On December 29, 2025, CMS announced that Maryland received \$168.2 million for FFY 2026, the first year of the five-year program
- MDH proposed the following three initiatives for the funds
  - Transform the rural health workforce
  - Promote sustainable access and innovative care
  - Empower rural Marylanders to eat for health



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# Changes to the Health Insurance Marketplace

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# Premium Tax Credit

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- Premium tax credit is a refundable credit, assisting eligible individuals/families with cost of premiums for health insurance purchased through the Health Insurance Marketplace
- Advanced Premium Tax Credit (APTC) – application of the premium tax credit to monthly insurance payment
  - Eligible with annual household income between 100% and 400% of the federal poverty level (FPL) (in expansion states, 138% of FPL)
  - U.S. citizens, U.S. nationals, lawfully present individuals (defined in regulation as lawful permanent residents, asylees, and refugees, and certain other noncitizens)



# Special Enrollment Periods

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- Under current law, Maryland offers a continuous Special Enrollment Period (SEP) for individuals with incomes below 150% of FPL
- The OBBBA prohibits households entering the market through this SEP from receiving APTC or cost-sharing reductions. They would be able to receive these following the next open enrollment if they remain eligible. This change would begin for plan years after December 31, 2025
- Households entering the marketplace due to qualifying life events remain eligible to receive APTC and cost-sharing reductions



# Pre-enrollment Verification

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- Currently, new enrollees receive conditional eligibility, under which the enrollee can begin coverage and receive APTC for 90 days while submitting verification
- In addition, returning enrollees who take no action are auto-enrolled during open enrollment in the same or similar plan
- The OBBBA requires certain information (income, immigration status, family size, etc.) to be verified before receiving coverage or advanced premium tax credits
  - This action effectively prevents auto renewals
  - It is effective for tax years after December 31, 2027
  - KFF indicates that nearly half of marketplace enrollees auto-renewed in calendar 2025



# Immigration Status

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- Currently, U.S. citizens and lawfully present immigrants are eligible to enroll in marketplace coverage and receive APTC or cost-sharing reductions.
- In 2025, Maryland was approved for a waiver that allowed individuals to receive coverage (though not APTC or cost-sharing reductions) regardless of immigration status
  - In October 2025, the Maryland Health Benefit Exchange (MHBE) board approved submission of an updated plan delaying the implementation of the new eligibility rules until open enrollment for plan year 2028 due to workload capacity constraints caused by federal actions. CMS approved the updated plan in December 2025
- The OBBBA limits coverage to lawful permanent residents and Cuban and Haitian entrants and certain other populations, effective January 1, 2027
- In addition, the OBBBA disallows the receipt of premium tax credits for lawfully present individuals with incomes under 100% of FPL that are ineligible for Medicaid due to immigration status, effective January 1, 2026



# Enhanced Premium Tax Credit

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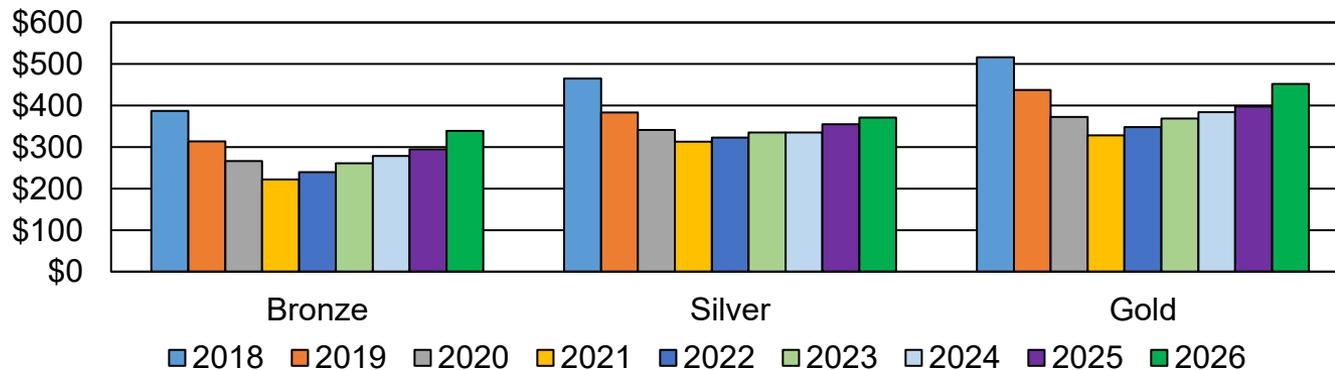
- No legislation has been enacted to extend the enhanced premium tax credits first implemented under the American Rescue Plan Act of 2021 and extended by the Inflation Reduction Act of 2022. As a result, these enhanced credits expired after calendar 2025, although legislative efforts remain ongoing in Congress to extend in some form
  - In May 2025, MHBE expected that 190,000 enrollees would lose some or all financial assistance for insurance, and that premiums would increase by 68% for tax credit eligible consumers



# Market Premium Increases

- The end of enhanced tax credits contributed to an increase in market. Individual market rates for all metal plans increase in calendar 2026, with an average individual market premium increase of 13.4% in calendar 2026 (compared to 6.2% last year) before accounting for any premium tax credit or other State subsidy that an individual might receive
- Although premiums increase, premiums remain significantly lower than in 2018 prior to the implementation of the State Reinsurance Program
- To address concerns about the impact of the end of the subsidy on affordability, Chapter 468 of 2025 authorized a State-based Individual Insurance Subsidy if enhanced tax credits were not extended

**Sample Monthly Premiums for a 40-year-old in a CareFirst BlueChoice Plan  
Calendar 2018-2025**





# State Subsidy Program Parameters

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- Chapter 468 authorized the implementation of the State-based Individual Insurance Subsidy program to provide subsidies beginning in calendar 2026 to partially replace the loss of enhanced tax credits to reduce the costs of premiums.
- The State Subsidy program parameters were approved by the MHBE board on August 18, 2025, and the program was implemented on January 1, 2026. Parameters include
  - Fully replace enhanced tax credits up to 200% FPL
  - Phase down from full enhanced tax credit replacement at 200% FPL to 50% replacement at 250% FPL
  - 50% replacement of enhanced tax credit at 250% to 400% FPL
  - No State subsidy above 400% FPL
  - Continue 2025 Young Adult Subsidy parameters



# State Subsidy Program Costs

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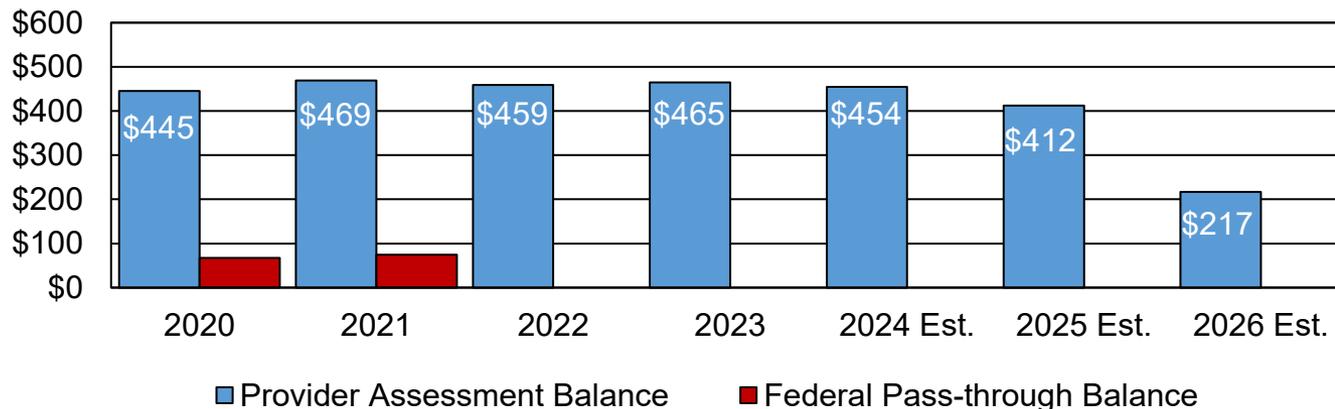
- For fiscal 2026, a budget amendment added \$52.3 million in special funds to cover subsidies provided through the State Subsidy program for the first half of plan year 2026 (the second half of fiscal 2026)
- Estimated costs for fiscal 2027 are uncertain as parameters are not yet approved



# State Subsidy Program Funding Source

- The State Subsidy program is supported by a 1% State provider fee assessment, which is the same funding source as the State Reinsurance Program
- The closing balance of the state provider fee is estimated to significantly decrease in calendar 2026. As the State must demonstrate that it has funding to support its share of the reinsurance program, funds from the source must remain available for that purpose, which limits the future use of this source in supporting ongoing replacements

**Closing Balance of Federal Pass-through Dollars and State Provider Fee**  
(\$ in Millions)





# Enrollment Trends

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- The uninsured population is anticipated to increase with the end of enhanced tax credits
- The State Subsidy program is intended to mitigate enrollment losses by making plans more affordable
- As of January 11, 2026, MHBE reported 249,037 enrollments through open enrollment, a 2.2% increase compared to the prior year; however, new enrollments declined by 40,462 (20.2%)



# DLS Estimated Impact on State Fiscal 2026-2031

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<b>SNAP</b>						
Administrative Cost Share Increased from 50% to 75%		\$59.6	\$79.5	\$81.1	\$82.7	\$84.3
Benefit Cost Sharing up to 15% *			182.9	251.9	260.2	268.8
Heat and Eat			-23.5	-31.3	-31.3	-31.3
Expanded Work Requirements and Loss of Benefits for Refugee and Asylees			-15.1	-20.8	-21.5	-22.2
<b>Medicaid</b>						
Work Requirements (Starting January 1, 2027) and Eligibility Redetermination Starting Every Six Months (Calendar 2027) for ACA Expansion Population**		-\$9.5	-\$143.2	-\$163.6	-\$170.5	-\$177.1
Cost of Administering New Requirements	\$20.0	50.0	10.0	10.0	10.0	10.0
<b>Net Impact (Medicaid and SNAP)</b>	<b>\$20.0</b>	<b>\$100.1</b>	<b>\$90.6</b>	<b>\$127.2</b>	<b>\$129.6</b>	<b>\$132.5</b>

\*Assumes Error Rate remains above 10%, but below levels that would allow for a delay. If delayed, impacts would begin in either fiscal 2029 or 2030.

\*\* Could be delayed to January 1, 2029, if Maryland receives a good faith effort exemption.



# Enrollee Impact Summary

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- DLS estimates 7,555 SNAP case closures in fiscal 2026, increasing to 31,466 in fiscal 2027, and a net reduction of 140,000 Medicaid recipients
- DHS estimates that up to 118,700 households may see a reduction in SNAP benefits due to the changes to Heat and Eat. DLS estimates that some households may be able to document utility costs to maintain benefit levels

# Federal Updates, State-Based Subsidy, and Reinsurance

## Maryland Health Benefit Exchange

Michele Eberle, MHBE Executive Director

Johanna Fabian-Marks, MHBE Deputy Executive Director

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Briefing to the House Appropriations Committee

January 20, 2026

# MHBE Overview



Link to [full video](#)

- ★ Independent unit of state government, established in 2011 in accordance with the 2010 Affordable Care Act
- ★ Maryland's designated State Marketplace, operates **Maryland Health Connection**
- ★ Only source of financial assistance for people in the individual market
  - Federal subsidies - Advance Premium Tax Credit (APTC)
  - Maryland State Premium Assistance program
- ★ Serves almost 1 in 4 Marylanders
  - **222,919** enrollees in individual market as of December 2025
  - **1.2 million** in Medicaid
- ★ Vision: High-quality, affordable health coverage for all Marylanders
- ★ Supports Maryland small business owners and employees
- ★ Provides access to stand alone dental and vision health plans

# Summary of 2026 Open Enrollment Data

November 1, 2025 – January 15, 2026

Goals this year are to maintain retention as much as possible in the face of federal changes

Total Enrollments \*

255,612

▲ 3.4%

Renewed Enrollments

207,797

▲ 7.7%

New Enrollments

47,815

▼ -11.9%

Disenrollments

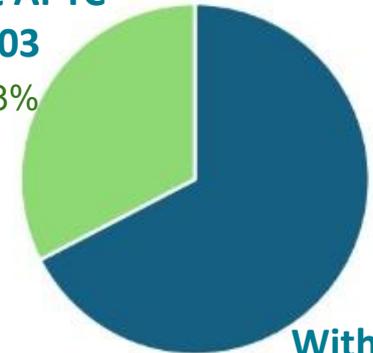
23,976

▲ 21.8%

Without APTC

83,303

▲ 42.8%



With APTC

172,309

▼ -8.8%

# 2026 Open Enrollment Data - a deeper dive

**We achieved our goal of maintaining retention as much as possible in the face of federal changes, however...**

- Rising premiums drove consumers to higher-deductible, less comprehensive plans
- Enrollment is shifting from Gold to Bronze plans (~\$1,000 to \$10,000 deductibles)
- Loss of enhanced federal tax credits is increasing consumers' federal tax burden
- Full disenrollment impacts will not be known until March–April
- Maryland has fared better than most states, but State Premium Assistance is not sustainable long term



H.R1

# Marketplace Changes and Impacts

# Overview of federal changes

New federal rules makes **enrollment more difficult, restricts eligibility, reduces affordability**, and ultimately discourages healthier people from enrolling resulting in a more expensive risk pool.

**CMS Marketplace Program Integrity Final Rule**  
Published June 20, 2025

**2025 Budget Reconciliation Bill - H.R.1**  
Signed into law July 4, 2025

**Expiration of Enhanced Premium Tax Credits**  
Scheduled for December 31, 2025

# Highlights of H.R.1 Marketplace Changes

## 1. End of DACA Eligibility

- Effective Sept. 30, 2025. **Impact:** ~300 Marylanders

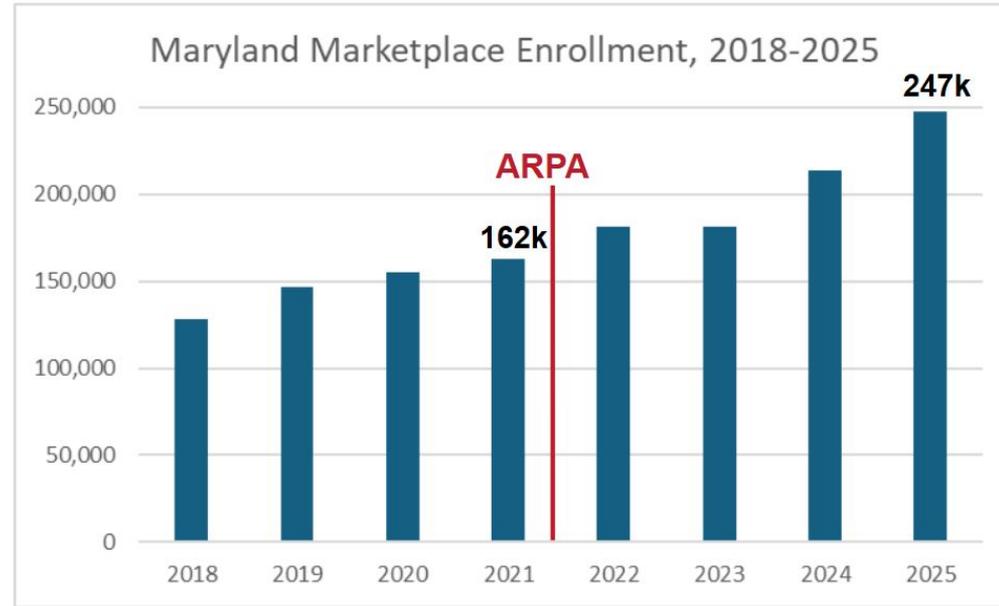
## 2. End of Eligibility for Financial Assistance for Many Lawfully Present Immigrants

- First change effective Jan. 1, 2026. **Impact:** ~20,000 Marylanders, many >65
- Second change effective Jan. 1 2027. **Impact:** ~20,000 additional Marylanders
- Similar limits for Medicaid effective October 1, 2026

## 3. Open Enrollment Dates Will Change – Effective Nov. 1, 2026 for coverage in 2027

# Increased Costs This Year - Enhanced PTC not Renewed

- Congress enhanced federal premium tax credits for **2021 through 2025**
- Increased eligibility for and generosity of Marketplace financial assistance
- Enhanced premium tax credits (ePTC) expired December 31, 2025
  - The tax credits make health plans significantly more affordable for Marylanders.



**Without these tax credits health plan premiums increased and the marketplace has experienced enrollment impacts.**

# State Subsidy Update

Maryland's Response to Federal Changes

# Maryland's Response to Affordability Challenges

- In 2025, Maryland passed [HB 1082](#) which requires MHBE to establish a **State-Based Individual Subsidy Program** to mitigate enrollment losses and stabilize market in PYs 2026-2027, contingent on expiration of federal enhanced subsidies
- All three of the state's affordability programs (Reinsurance, Young Adult Subsidy, Individual Subsidy) use the same funding source, the state premium assessment. .

Marylanders who earn **less than 200% FPL** will receive the most help - the new program will fully replace lost ePTC.

Marylanders who earn **up to 400% FPL**, the new program will replace 50% of lost ePTC

## Income Thresholds:

Household Size	200% FPL	400% FPL
1 person	\$31,300	\$62,600
4 people	\$64,300	\$128,600

- Young adults will continue to receive additional savings under the 2026 State Subsidy design
  - In 2025 over 66,000 young adults age 18-37 benefited from the Young Adult Subsidy

# Program Enrollment data as of 1/15/26

<b>Number of MHC consumers receiving 2026 State Subsidy</b>	<b>Average Subsidy per member per month</b>
<b>177,655</b>	<b>\$94</b>

# State Subsidy is Stabilizing the Individual Market

**The State Premium Subsidy moderated premium increases and is helping people stay covered in 2026.**

	<b>Without State Subsidy</b>	<b><u>WITH</u> State Subsidy</b>
<b>Average Net Premium Increases for 190,000 Marylanders Receiving ePTC in 2025</b>	95%	<b>35%</b>
<b>Projected Enrollment Losses due to Loss of ePTC</b>	90,000	<b>30,000</b>



H.R.1

# Medicaid Changes and Impacts



# H.R.1 Medicaid Eligibility Changes and MHBE Impact

MHBE significantly supports MAGI Medicaid eligibility and enrollment activities through agency funds and staff. Our services include:

- Developing and maintaining MHC enrollment platform technology (e.g., web and mobile applications)
- call center,
- printing and mailing,
- consumer appeals,
- constituent services, and
- training functions.

**Maryland Health Connection enrolls ~85% of (or ~1.2M) Medicaid consumers, including ACA Expansion Adults**

**MHBE will have to implement major eligibility and enrollment changes due to H.R.1**

# H.R.1 Medicaid Eligibility Changes

	<b>Population</b>	<b>Provisions</b>	<b>Effective Date</b>
1	ACA Expansion Adults Only	Increasing the frequency of redeterminations from every 12 months to every 6 months (Sec. 71107)	January 1, 2027
2	ACA Expansion Adults Only	Mandating work requirement reporting every 6 months (Sec. 71119)	January 1, 2027
3	All Medicaid Members	Changing eligibility for certain immigrant populations (Sec. 71109)	October 1, 2026
4	All Medicaid Members	Adjusting the retroactive coverage period (Sec. 71112)	January 1, 2027

# Leveraging Existing Data and AI

- MHBE has significant experience **using data from other state agencies to streamline enrollment** and improve our customer experience.
- We will build on this experience as we implement H.R.1, by leveraging data from other state agencies and third parties to automatically verify work requirement compliance or exemption.
- MHBE will also **build on existing AI technology** already used by its enrollment and eligibility systems. MHBE has implemented numerous system enhancements to increase efficiency and reduce operational costs through strategic use of AI.
  - For example: The AI-powered chatbot “Flora” has responded to over 600,000 MHC consumer queries in 2024, offering fast, accurate, and personalized assistance beyond standard business hours and addressing questions that might otherwise have resulted in calls to our call center.

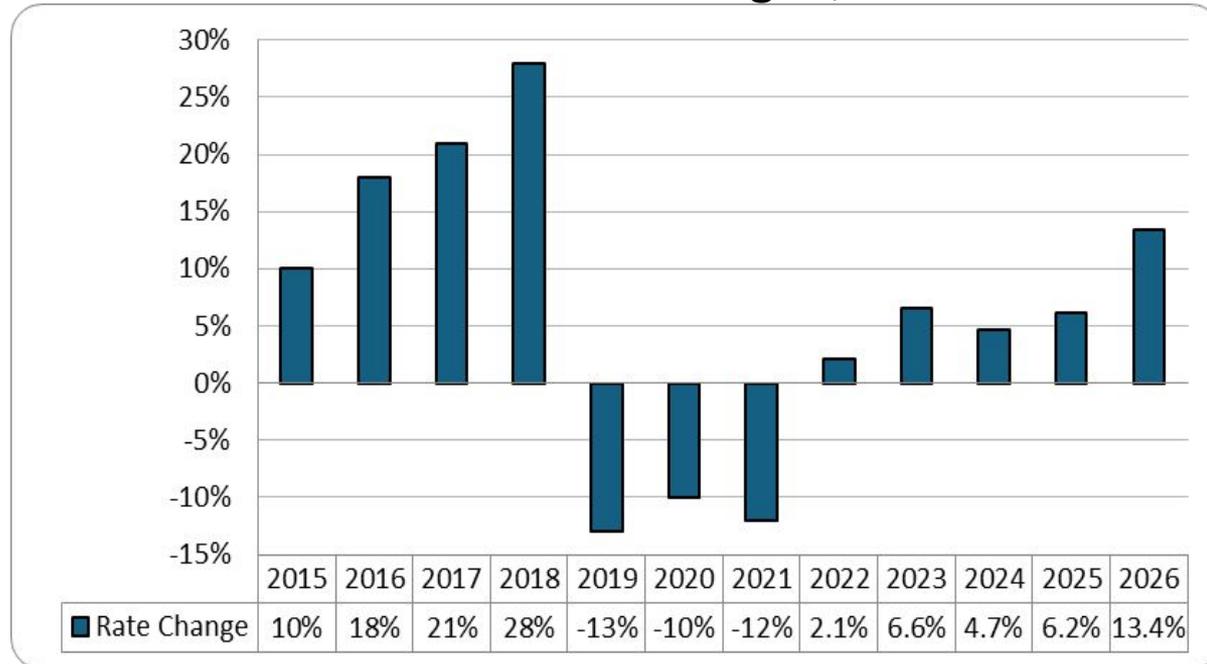


# Reinsurance Program Updates

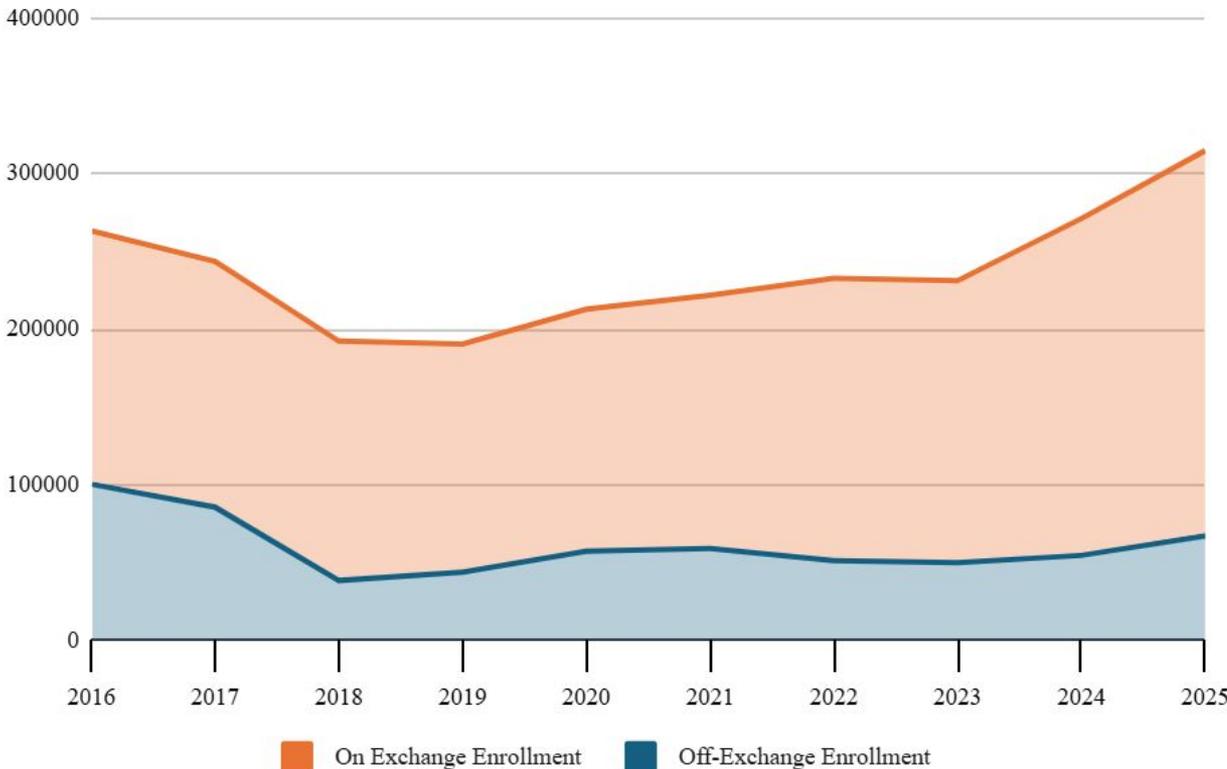
# History

- **2014:** ACA market reforms went into effect
- **2014-2018:** Individual market rates increased by double digits
- **2019:** Reinsurance program implemented
- **2026:** Rates still down more than 6% compared to pre-waiver 2018

## Individual Market Rate Changes, 2015 - 2026



# Total Individual Market Enrollment 2014-2025



# How Does Reinsurance Work?

- Reinsurance reimburses insurers for a portion of their claims costs. Lower costs allow carriers to charge lower premiums.
- The MHBE Board sets the parameters for the reinsurance program.
- Feds approve the waiver governing reinsurance in 5-year increments; current waiver period ends Dec 31, 2028.

# How Do We Fund It?

## State Funds

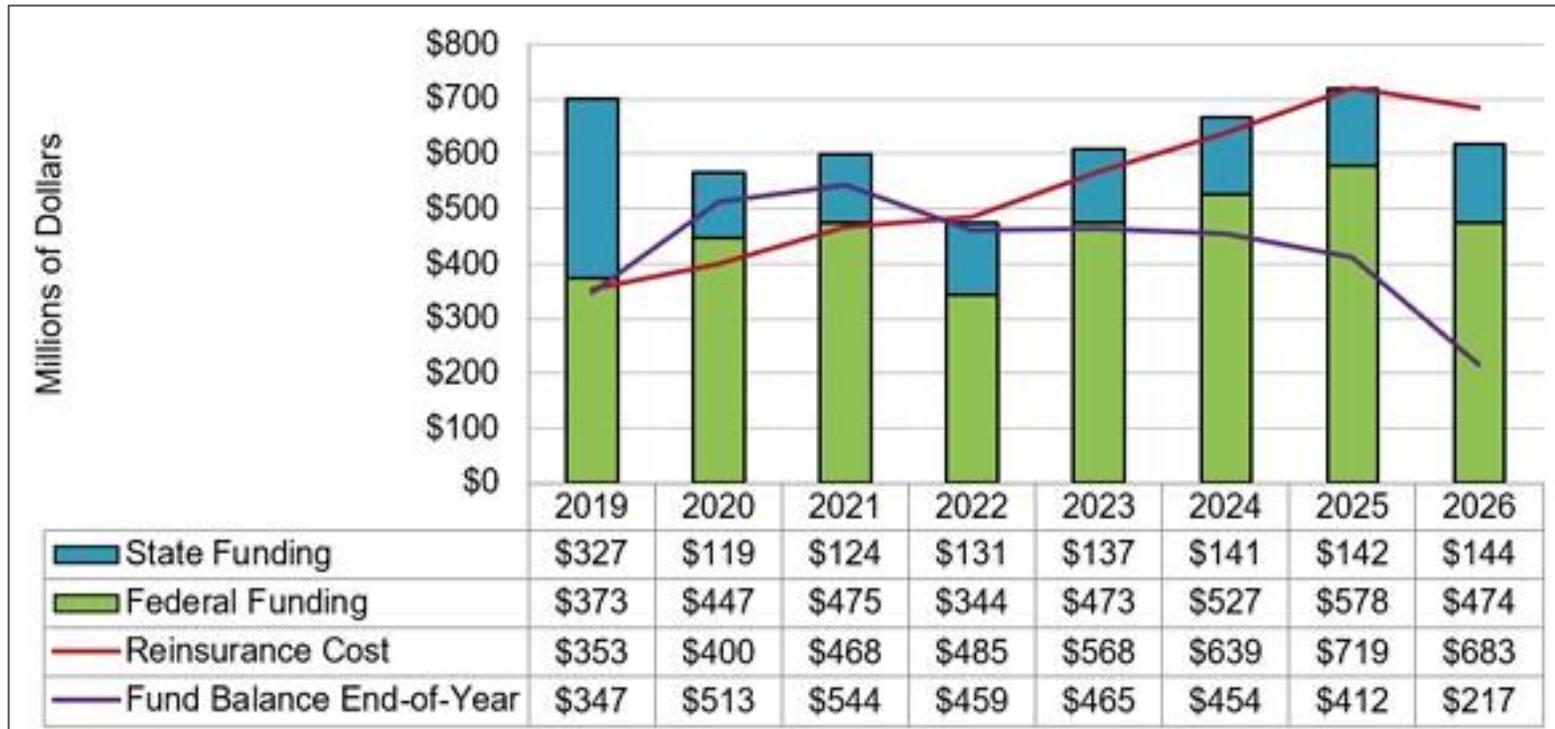
- **Assessment** through 2028 on most state-regulated health insurance premiums. 2.75% in 2019, 1% for 2020-2028
- **Reserve:** The higher 2019 assessment + higher than expected federal funding in the early years of the program allowed MHBE to build up a reserve of state funds

## Federal Funds: ACA Section 1332 State Innovation Waiver

- Under Section 1332 of the ACA, states can waive certain ACA rules
- If the waiver lowers premiums, federal premium subsidy costs decrease, saving the feds money
- Under the waiver, the federal government then redirects those savings back to the state - called **pass-through funding** - to help run the waiver program

# Reinsurance Funding Experience and Projections, 2019-2026

Projected SRP Fund Spending and Funding Considering Final 2026 State-Based Subsidy Parameters and Enhanced Federal Premium Subsidies Expiring at the End of 2025, 2019-2026 (in millions)\*



# What's on the Horizon for Reinsurance?

- The Reinsurance Program operates under a 5-year waiver from the federal government
  - The **current waiver period expires Dec. 31, 2028**
  - The 1% health insurance provider fee assessment that provides state funding for the program sunsets at the same time
- In 2026, the MHBE Board will closely monitor state subsidy program expenditures and set 2027 reinsurance and state subsidy structure
- In **fall 2027, the application to extend reinsurance waiver will be due** to the federal government, if the state wants to extend the program

# Questions?

[michele.eberle@maryland.gov](mailto:michele.eberle@maryland.gov)

[johanna.fabian-marks@maryland.gov](mailto:johanna.fabian-marks@maryland.gov)



# Appendix

# How much help will Marylanders get from the state subsidy?

- For state subsidy eligible enrollees, net premium increase on average without the subsidy would have been 95% 2026. **With the subsidy the increase is only 35%.**

Plan Year	Average Net Premium Per member per year
2025	\$864
2026 <u>w/o</u> Subsidy	\$1,685
2026 <u>with</u> Subsidy	\$1,185

Income (% Federal Poverty Level)	Estimated annual savings Per member per year (PMPY)
Less than 133%	\$218
133% - 150%	\$811
150% - 200%	\$1,203
200% - 250%	\$1,193
250% - 300%	\$895
300% - 400%	\$669
Greater than 400%	<b>\$0 directly</b> But may see a reduction in rates because the program should retain enrollment, which keeps rates lower (\$94 to \$363 in possible annual savings)

\*These figures are based on actuarial projections. Actual savings will depend on age, income, location, number of months enrolled, and final 2026 premium rates

# Examples of Savings

Household Type	Income	2026 Monthly Silver Plan Premium WITHOUT State Subsidy	2026 Monthly Silver Plan Premium WITH State Subsidy	Monthly Savings
One individual, age 30	\$39,125 (250% FPL)	\$275	\$121	\$154
Two individuals, ages 61 and 60	\$52,875 (250% FPL)	\$372	\$274	\$98



# OBBBA

## Maryland Medicaid Updates

### January 2026



# Medicaid OBBBA Eligibility Provisions (1/2)

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- **Changes to Immigrant Eligibility (October 1, 2026).**
  - Certain immigrants are no longer eligible for Medicaid. This includes refugees, asylees, immigrants granted parole for at least one year, and certain victims of abuse and trafficking. **Note:** Pregnant women and children are not impacted.
  - **Impact: ~15,000 non-citizens may lose coverage.** (Note: this is a reduction from previously published est. of ~60,000).
- **Medicaid work requirements (January 1, 2027).**
  - Requires states to implement work requirements as a condition of Medicaid eligibility for ACA expansion adults aged 19 through 64.
  - **Impact: ~115,000 ACA Adults could lose coverage.** Requirements apply to the more than **~320,000 adults\*** in this coverage group.

# Medicaid OBBBA Eligibility Provisions (2/2)

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- **Increased Medicaid redeterminations (January 1, 2027)**
  - Requires states to conduct eligibility redeterminations once every six months for ACA expansion adults. (Current requirement is annual).
  - **Impact:** Requirement impacts the more than **320,000 adults** eligible under the ACA Expansion.
- **Shortened Medicaid retroactive coverage opportunities (January 1, 2027)**
  - Reduces retroactive coverage from three months to one or two months depending on eligibility category.
  - **Impact:** ACA expansion adults are limited to **one month of retroactive coverage**, and all other enrollees are limited to two months retroactive coverage.

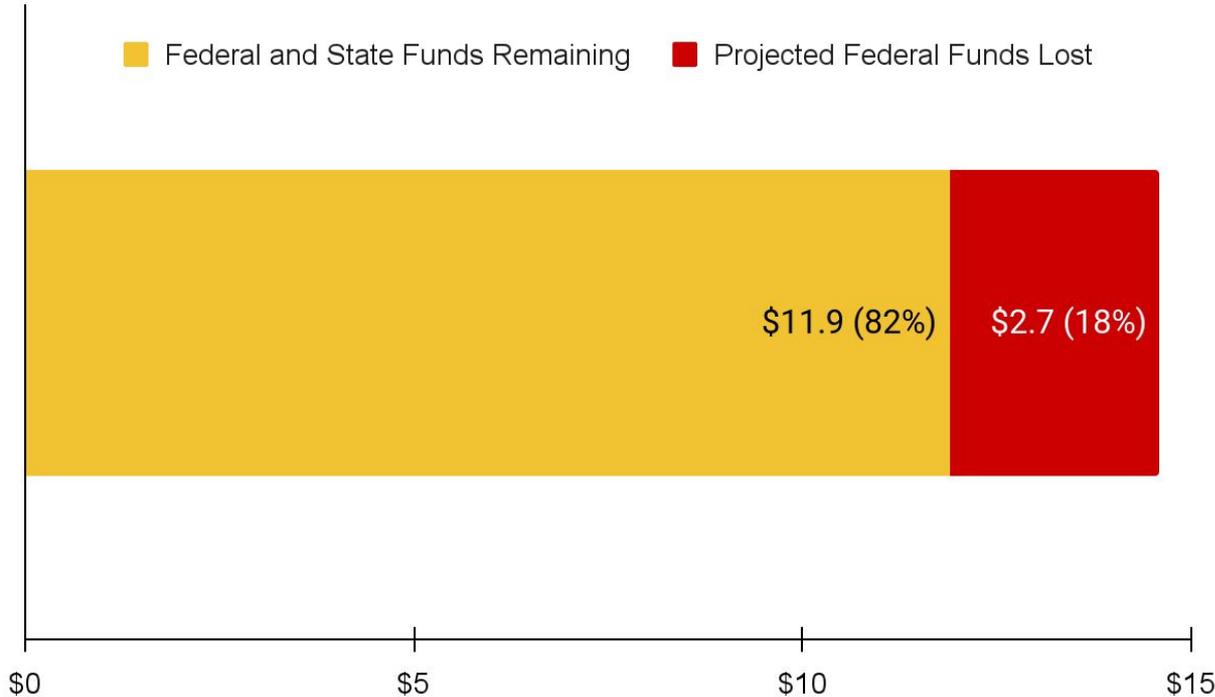
# Other OBBBA Provisions

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- **Payments to Planned Parenthood**
  - Sec. 71113. Federal payments to prohibited entities. (July 4, 2025)
- **Provider Taxes**
  - Sec. 71115. Provider taxes. (July 4, 2025)
  - Sec. 71117. Requirements regarding waiver of uniform tax requirement for Medicaid provider tax. (July 4, 2025)
- **State Directed Payments**
  - Sec. 71116. State directed payments. (July 4, 2025, Maryland impacted January 1, 2027)
- **Budget Neutrality**
  - Sec. 71118. Requiring budget neutrality for Medicaid demonstration projects under section 1115. (January 1, 2027)
- **Cost Sharing**
  - Sec. 71120. Modifying cost sharing requirements for certain expansion individuals under the Medicaid program. (October 1, 2028)
- **Erroneous Excess Payments**
  - Sec. 71106. Payment reduction related to certain erroneous excess payments under Medicaid. (October 1, 2029)

# \$2.7 Billion in Annual Federal Funding Potentially Lost

*This is the estimate of funding lost once all bill provisions are fully implemented (based on current \$14.6 billion budget).*



This represents **almost 20%** of Maryland's current Medicaid budget.

# Provider Taxes

Assessments on healthcare providers and managed care organizations help finance the State's share of Medicaid spending, which in turn, helps increase access and improve care for people enrolled in Medicaid coverage.

These taxes help pay for **~\$2 billion in Medicaid costs.**

OBBBA provisions **alter requirements related to provider taxes for ACA expansion states**, like Maryland:

- Most existing taxes must be frozen at the July 4, 2025 rates and phased down to no more than 3.5% of provider revenue by FY32 (nursing facilities exempt).
- Additionally, taxes must be broad-based and uniform (e.g. apply to all providers in the class equally).
- New provider taxes cannot be established.

**Next step:** Additional guidance from CMS is needed to understand how these changes will impact Maryland.

# State Directed Payments (SDPs)

Medicaid programs have historically used state directed payments to support higher provider payments paid by Medicaid managed care organizations (MCOs), e.g. by mandating a set fee schedule for certain services.

Maryland has **three state directed payments** to help pay providers.

OBBBA **changes the rules regarding state directed payments for ACA expansion states**, like Maryland, effective January 1, 2026.

- SDPs are reduced from the average commercial rate (ACR) to 100% of Medicare for the following providers: inpatient hospital services, outpatient hospital services, nursing facility services, or qualified practitioner services at an academic medical center.
  - Other provider types, including primary care providers, remain exempt.
- Some SDPs will be 'grandfathered,' that is, held to a maximum limit starting in CY26, and then starting in CY28, required to phase down to 100% of Medicare payments.

**Next step:** Additional guidance from CMS is needed to understand how these changes will impact Maryland.

# OBBBA Work Requirements

ACA expansion adults aged 19 to 64 are subject to work requirements. *Note, there are a number of categorical and optional exemptions.*

Participants must meet at least 1 of the following criteria:

- Have income of at least \$580/month \*;
- 80 hours of work per month;
- 80 hours of a SNAP-defined work program;
- 80 hours of community service;
- At least half-time enrollment in a higher education or vocational training program; or
- A combination of 80 hours of the above.

\*This is based on the federal minimum wage of \$7.25 per hour multiplied by 80 hours; workers who make the State minimum wage could work less than 40 hours per month and still qualify for Medicaid.

# Guiding Implementation Principle

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**Take advantage of assumed OBBBA flexibilities offered in the statute to maximize work requirement exemptions.\***

# Work Requirement Exemptions

OBBBA permits states to accept attestations from individuals related to MANDATORY exemptions.

*Note, further guidance from CMS may change this flexibility.*

Parents/Caretakers of  
Young Children or  
Disabled Individuals

Medically Frail  
Individuals

Incarcerated or  
Recently Released  
from Incarceration

Pregnant or  
Postpartum Women

Participating in SUD  
Program

Entitled to Medicare  
Part A or Enrolled in  
Medicare Part B

Former Foster Youth  
Under Age 26

American Indians and  
Alaska Natives

Disabled Veterans

Subject to SNAP/TANF  
Work Requirements

# Medical Frailty: Example Conditions

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OBBBA indicates that medical frailty should include at least five potential categories of conditions.

Blindness or Disability

E.g. Blind, coronary insufficiency, hydrocephalus

Substance Use  
Disorders

E.g. Opioid use disorder, alcohol use disorder, drug overdose requiring medical care

Disabling Mental  
Disorders

E.g. Delusional disorder, schizoid personality disorder, major depressive disorder

Physical, intellectual, or  
Developmental Disability

E.g. Cerebral palsy, autism spectrum disorder, epilepsy

Serious or Complex  
Medical Conditions

E.g. Chronic heart failure, chronic liver disease, HIV/AIDS

# What We Know About Employment & Education

It is estimated that ~65.7% of ACA adults are working or in school and ~20-25% of ACA adults who are not working and not in school would qualify for an exemption. This leaves ~10-15% of ACA adults who would be ineligible for Medicaid due to work requirements and need to be connected to qualifying activities.

~65.7%

of childless, non-disabled, adult Marylanders with Medicaid coverage are already working or in school



Working Full Time  
(40+ hours/week)

34.3%

OR



Working Part Time  
(20-39 hours/week)

24.5%

OR

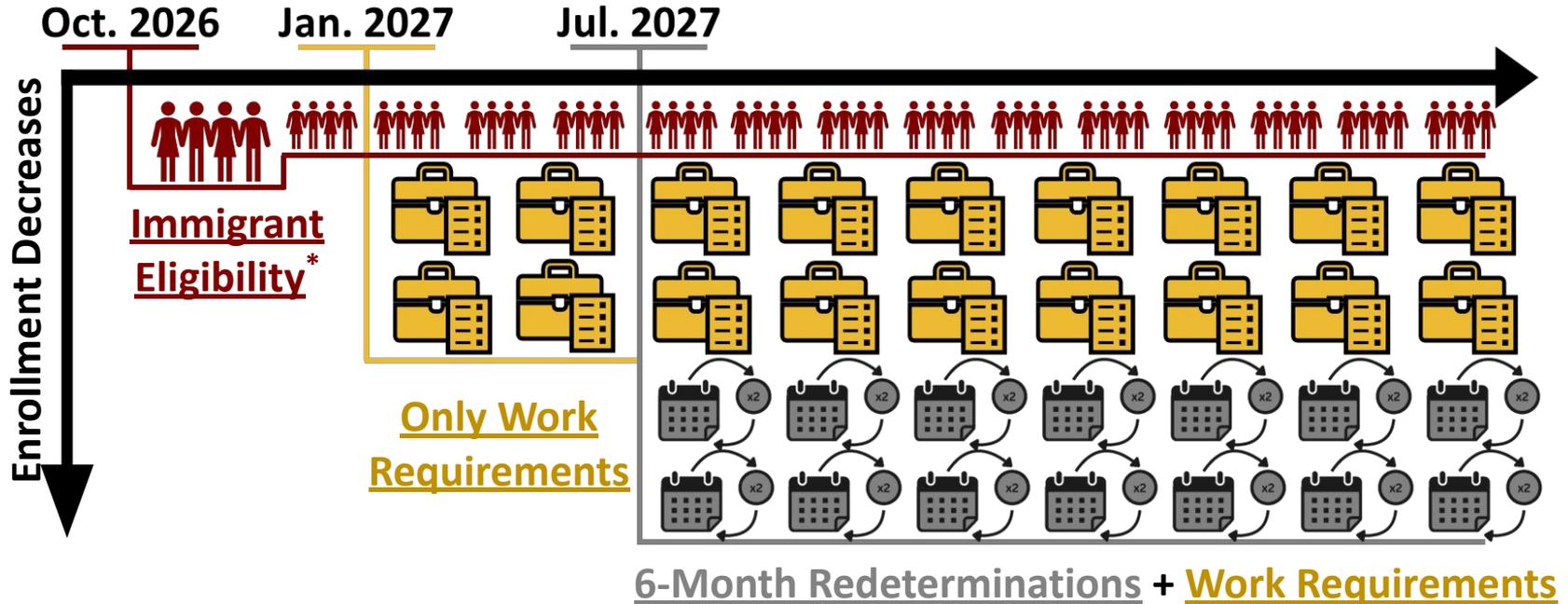


Enrolled in an  
Academic Program

15.9%

*\*Note: Employment and income are NOT information that Maryland Medicaid collects, but we can generate estimates of who is working and in school using data from the American Community Survey. Used 2023 ACS data from respondents who identified as childless adults aged 19-64, who live in Maryland, were enrolled in Medicaid, and did not report a disability; since individuals can both work and be enrolled in an academic program, the employment and education percentages are NOT mutually exclusive.*

# Big Picture of Enrollment Impacts



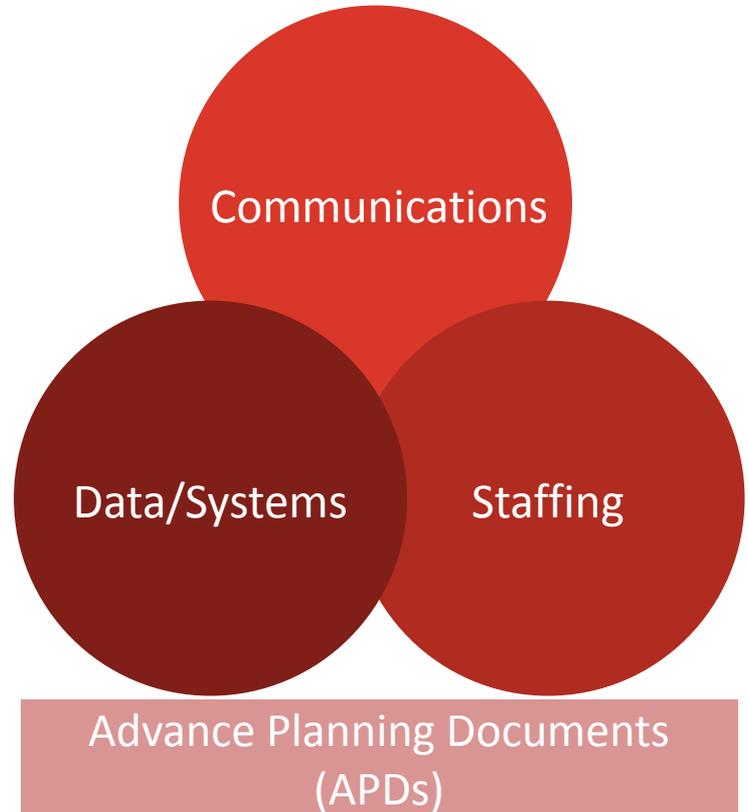
\*Pending CMS guidance, the Department assumes that all immigrants who no longer qualify for coverage will lose eligibility effective October 1, 2026.

# Implementation Workstreams

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The State has established a **comprehensive cross-agency team led by the Maryland Department of Health (MDH), Maryland Health Benefit Exchange (MHBE), and Maryland Benefits** to implement OBBBA Medicaid eligibility requirements, **in partnership with providers, plans, and stakeholders.**

Our **objective** is to **protect health care coverage** for eligible Marylanders, **consistent with federal law and guidance.**



# About MHBE

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**The Maryland Health Benefit Exchange (MHBE)** serves as Maryland's State-Based Exchange

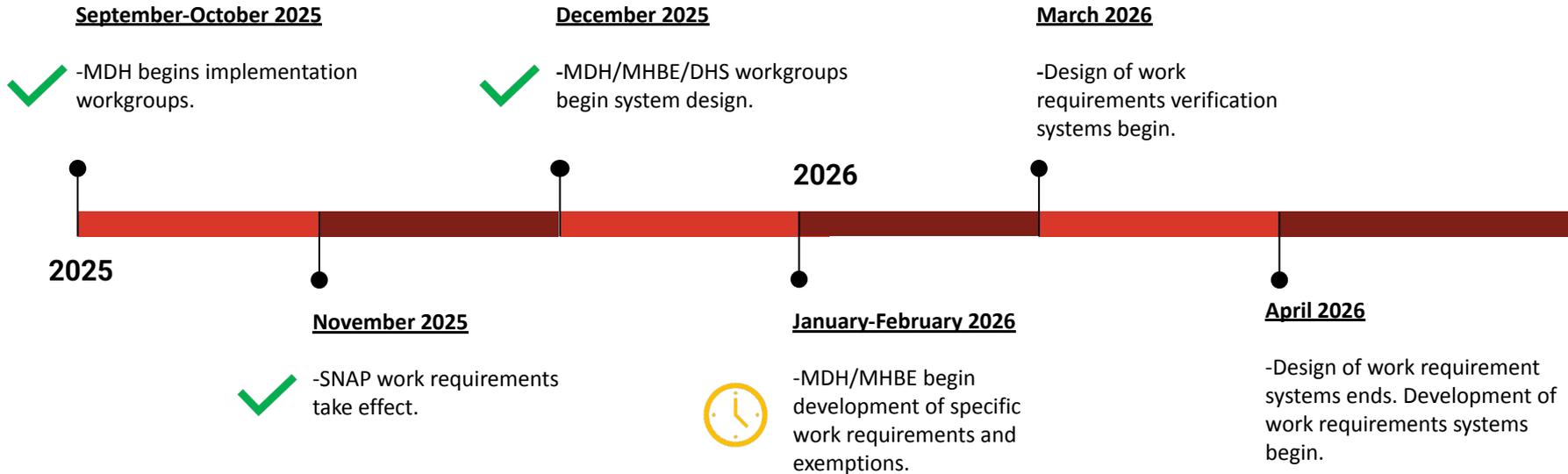
- MHBE is responsible for the administration of **Maryland Health Connection (MHC)**, the state's health insurance marketplace, under the Patient Protection and Affordable Care Act of 2010 (ACA)

MHC enrolls **~85% of (or ~1.2M) Medicaid consumers**, including ACA Expansion Adults

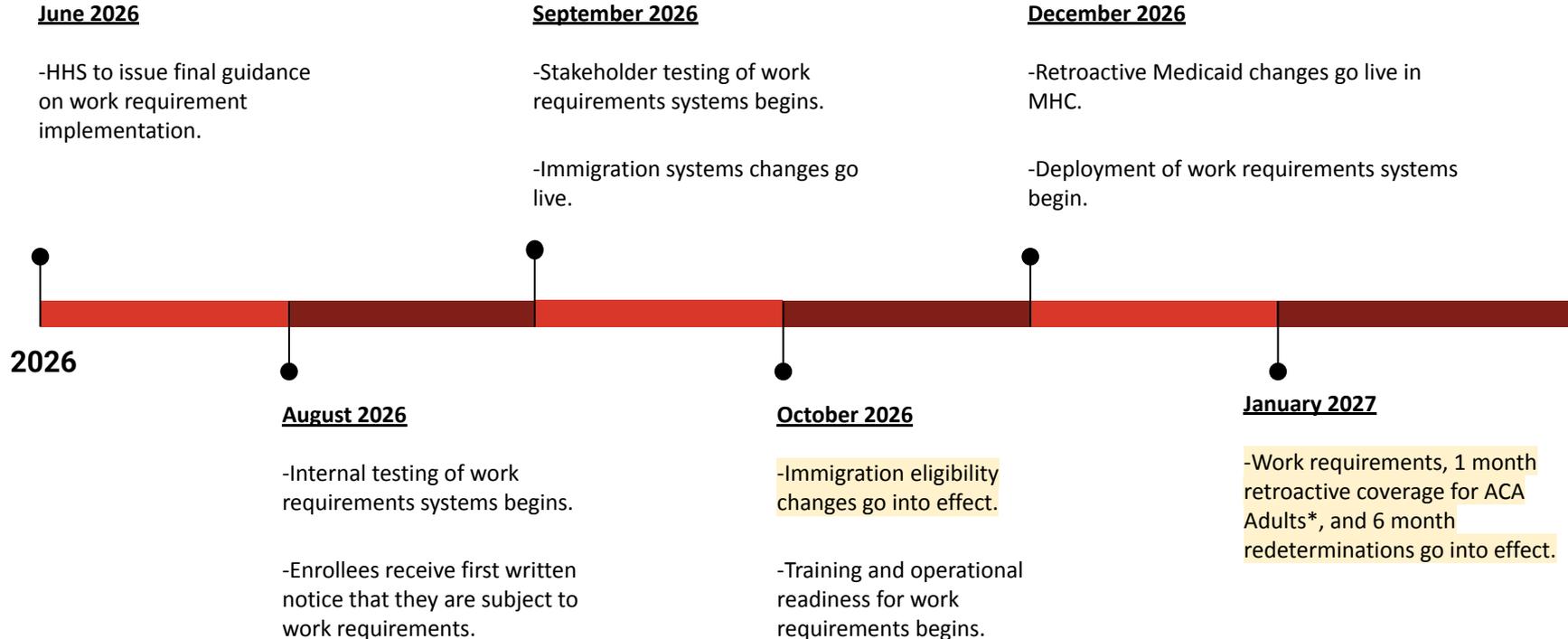
- MHBE significantly supports MAGI Medicaid eligibility and enrollment activities through agency special and general funds, and staffing activities that include call center, printing and mailing, consumer appeals, constituent services, and training functions in addition to technology.

# Data/Systems Timeline (1/2)

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# Data/Systems Timeline (2/2)



17 \*2 months for all other eligibility groups.  
Milestones in yellow indicate when provisions go into effect.

# Data/System | Leveraging Data

MHBE will seek to leverage the existing data from across Maryland government to verify work requirements and exemption attestation.

- **DHS SNAP Data:** During the unwinding, MHBE used DHS SNAP enrollment data to verify income during Medicaid redeterminations, significantly increasing auto renewal rates. SNAP enrollment may be used to deem Medicaid enrollees to meet work requirements.
- **DOL Data:** Explore using Beacon wage data, FAMILI wage data, and workforce development data to verify work requirements
- **CRISP Data:** Explore using CRISP data to automatically exempt eligible individuals with qualifying medical conditions from work requirements.
- **MSDE Data:** MHBE, MSDE, and DHS already partner to provide Medicaid enrollment data for use in certifying children for free and reduced lunches. Explore using MSDE data to verify work requirements.
- **Comptroller Data:** MHBE already receives data from the state tax return for individuals seeking health insurance. Explore using state tax data to verify work requirements.

# Communications Approach



**Key Messaging Goal**



- **Message discipline** across agencies and stakeholder partners.



**Overarching Strategy**



- **Consumer-focused** materials
- **Provider/community stakeholder-focused** materials



**Key Audience**



- **ACA Adults**
- **Non-Citizens**
- **Pregnant Women & Children**



**Partners**



- **Sister Agencies: DHS, MHBE**
- **MCOs**
- **Stakeholders and Community Organizations**

# Communication Activities

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- MHBE Communications campaign in partnership with MCOs, modeled on unwinding. →
- New MDH web page with updated one-pager, FAQ
- ACA Deep Dive [Dashboard](#)



# Communications - Grassroots Outreach

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- The Department will work with MCOs and other stakeholders to implement a grassroots outreach strategies that reach as many Maryland Medicaid members as possible;
- The Department will take a comprehensive approach with stakeholders that reaches non-English speaking members and hard-to-engage participants;
- **The most important message stakeholders can convey to Medicaid members now is that they must keep their contact information up to date so that they are aware of changes.**

# ACA Adults Public Dashboard

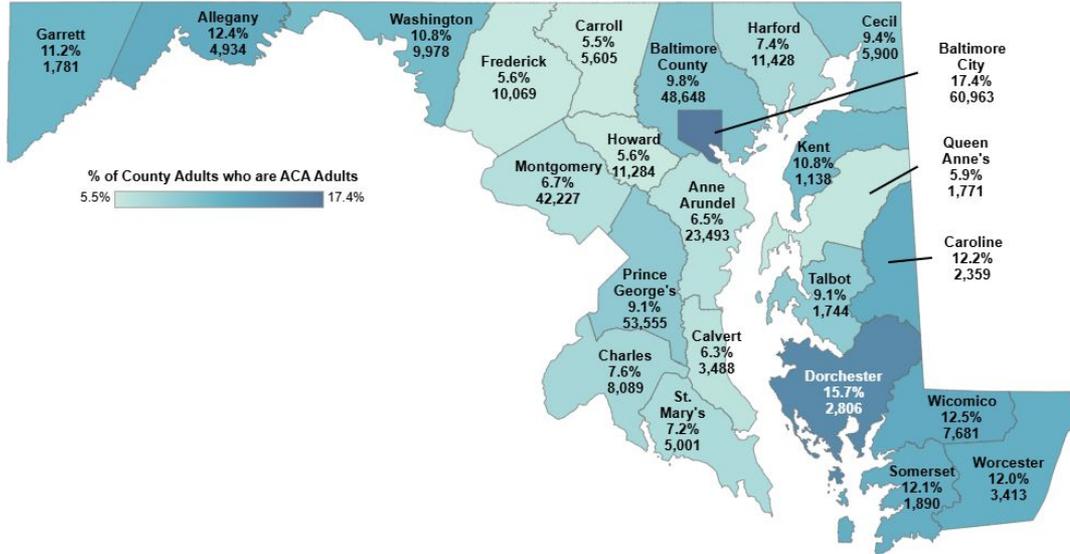
ACA Adults as of August 2025: 329,802

Select a Map to Display

ACA Adults - % of All Adults by County

ACA Adults - % of All Adults by County

Out of all adults aged 19-64 in the county, what percentage are ACA Adults?



Notes: ACA Adult population as of August 2025.

County population counts for those between the ages of 19 and 64 are from maryland.gov and are estimates provided for July 1, 2024: [https://planning.maryland.gov/MSDC/Documents/pop\\_estimate/ARS/Vintage2020/JUR-Popest-Single-Year-Age-July-2024.xlsx](https://planning.maryland.gov/MSDC/Documents/pop_estimate/ARS/Vintage2020/JUR-Popest-Single-Year-Age-July-2024.xlsx).

[Link to dashboard](#)

Select a Map to Display

- ACA Adults - % of All Adults by County
- ACA Adults - % of All Adults by County
- ACA Adults - % of Total Population by County
- ACA Adults - % of Medicaid Enrollees by County
- ACA Adults - % of All Adults by Congressional District
- ACA Adults - % of Total Population by Congressional District
- ACA Adults - % of Medicaid Enrollees by Congressional District

# Staffing

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- **Training:** Medicaid, MHBE, and the DHS are collaborating to develop new training materials to account for changes in eligibility processing.
  - Cross-agency collaboration will ensure consistent messaging and procedures to all impacted staff.
  - Includes guidance for call centers, case workers, LHDs, and other eligibility workers.
- **Hiring:** Increased redetermination frequency, work requirements, and changes to the retroeligibility period calls for increased eligibility and systems staff capacity.

# Resources

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- [MDH OBBBA Fact Sheet](#) (Issued July 11, 2025)
- [MDH Webpage on OBBBA Medicaid Changes](#)
  - Note, this will be updated as more information becomes available.
- [FAQs: What the New Federal Budget Law Means for Your Medicaid Coverage](#)
- [FAQs: Cómo impacta la nueva ley presupuestaria federal en su cobertura de Medicaid](#)
- [Maryland Medicaid DataPort](#)
  - See “Federal Changes” tab.

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# Discussion

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# Appendix

# Acronyms List (1 of 2)

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ACA	Affordable Care Act	FFY	Federal Fiscal Year
APD	Advanced Planning Document	HHS	U.S. Department of Health and Human Services
CE	Community Engagement	LHD	Local Health Department
CMS	Centers for Medicare and Medicaid Services	MAGI	Modified Adjusted Gross Income
CRISP	Chesapeake Regional Information System for our Patients	MCO	Managed Care Organization
DHS	Department of Human Services	MDH	Maryland Department of Health
DOL	Department of Labor	MHBE	Maryland Health Benefits Exchange
FAMLI	Family and Medical Leave Insurance program	MHC	Maryland Health Connection
FFP	Federal Funding Participation	MHCC	Maryland Health Care Commission

# Acronyms List (2 of 2)

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MMIS	Maryland Medicaid Information System
MSDE	Maryland State Department of Education
OBBBA	One Big Beautiful Bill Act
SDP	State Directed Payments
SNAP	Supplemental Nutrition Assistance Program
SUD	Substance Use Disorder
TANF	Temporary Assistance for Needy Families

# Key Partners Across Workstreams

APDs



MDH  
MHBE  
MD Benefits  
DHS

Comms



MDH  
MHBE  
MCOs  
DHS  
External Stakeholders

Data/  
Systems



MDH  
MHBE  
DHS, MD Benefits  
CRISP  
UMBC Hilltop Institute  
MHCC

Staffing



MDH  
MHBE  
DHS

# Advance Planning Documents (APDs)

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- **APDs** secure **enhanced federal funding participation (FFP)** for large, complex, Health IT builds / system operations for Medicaid.
- MDH is planning to submit at a minimum **five OBBBA-related APDs**.
- CMS review can take **60-120 days at a minimum to approve an APD**, depending on the state's needs. Maryland is working with CMS to determine ways to **expedite APD federal review and approval**.

# CMS Funding for Community Engagement

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- In December 2025, CMS awarded Maryland Medicaid a \$2 million grant for FFY 2026\* to implement OBBBA Community Engagement (CE) requirements.
- CE grant funding can be used to support activities such as:
  - **System Development and Integration:** Enhancing data systems to monitor CE-related eligibility and share data across state agencies,
  - **Operational and Professional Services:** Testing systems to ensure they comply with new CE-requirements,
  - **Implementation Support and Training:** Training staff to prepare for implementation of CE-requirements.
- CE grant funding may NOT be used to cover the nonfederal share of Medicaid expenditures nor may it be used to generate enhanced federal match.

# Data/System | Leveraging AI

MHBE will build on existing AI technology already used by its enrollment and eligibility systems.

- MHBE has implemented numerous system enhancements to increase efficiency and reduce operational costs through strategic use of AI.
  - **The AI-powered chatbot “Flora” has responded to over 600,000 MHC consumer queries in 2024**, offering fast, accurate, and personalized assistance beyond standard business hours.
  - A conversational AI assistant embedded in the application guides users through complex eligibility questions, **cutting monthly technical support calls from 8,000 to 4,000**.
  - The AI virtual call center agent has processed **40% of the 20,000 password reset requests** so far in 2025, extending service availability from 8 hours to 18 hours a day, and reducing wait times.
  - **Robotic Process Automation (RPA) and machine learning technologies verify over 125,000 consumer documents annually**, accelerating Medicaid appl review from 5 days to 24> hours.
- Together, these initiatives are transforming service delivery, reducing operational burdens, and improving customer satisfaction and staff productivity.

# Communications Timeline

## Stakeholder Engagement and Planning

Communications internal workgroup begins with attendees from MDH, DHS, and MHBE.

Workgroup of representatives from all nine Managed Care Organizations begins.

## MDH Comms Roadshow Fully Scaled

MDH gives scheduled presentations to internal and external stakeholders (gov't agencies, community organizations, etc.).

MHBE will prepare consumer notices required by statute for distribution by September 2026\*

## August/November 2026

October 2025

Winter 2025-2026

Communications Research & Development (Jan-May 2026)

In partnership with MDH, MMCOA and their contracted communications firm are conducting statewide research to inform communications efforts and shape future communications materials

**Phase 1 (May--Sept 2026): Initial Communications Released (General Education)**

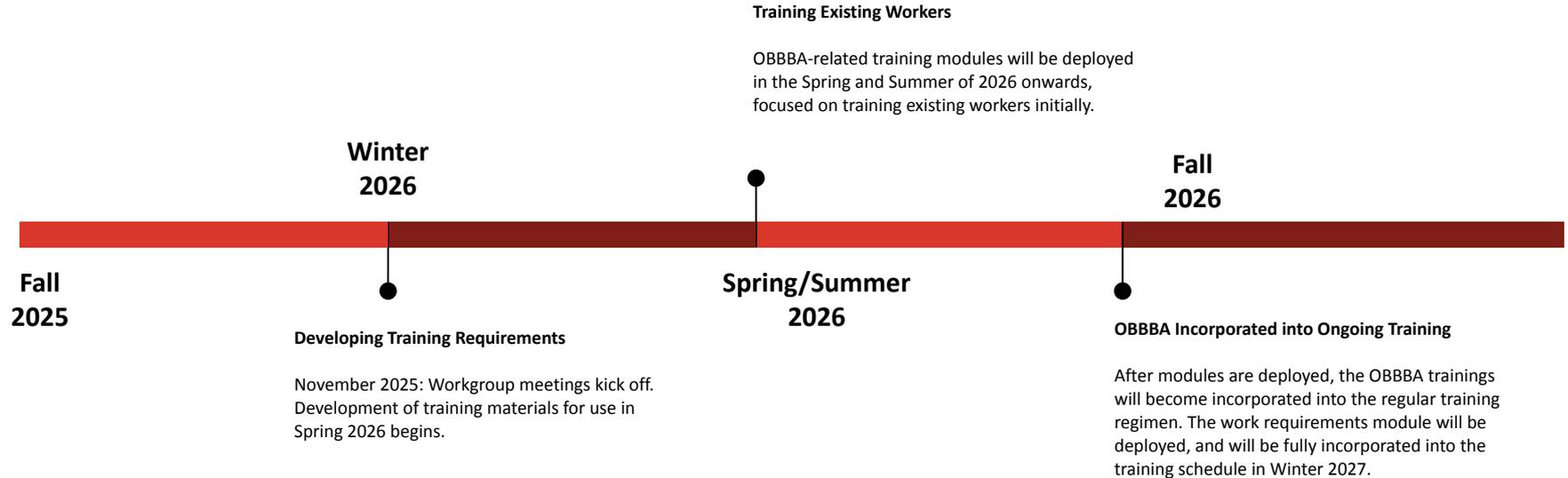
Website, FAQs and one-pager posted to MDH site. A [Public Facing Dashboard](#) related to ACA adults was created in collaboration with the Hilltop Institute and made public in December 2025. Additional materials will include social media/radio ads and a dedicated MHBE landing page.

June 2026

**Phase 2 (Sept 2026-Dec 2027): Targeted Public Awareness Campaigns (Education and Action)**

Targeted messaging campaigns begin at **least eight (8) weeks** prior to when immigration eligibility changes go into effect (Oct '26) and 8 weeks prior to work/community engagement changes go into effect (January '27).\*

# Staffing and Training Timeline





**H.R. 1 (2025) Impact on Marylanders:  
Supplemental Nutrition Assistance  
Program (SNAP)**

House Appropriations Committee  
January 20, 2026

# Background

**SNAP is vital to America's social safety net. It makes sure families can put food on their tables when they're struggling financially.**

SNAP serves over **680,000 Marylanders**, including:

- 262,248 **children**
- 128,705 **people with disabilities**
- 121,615 **seniors**
- 28,843 **unhoused persons**

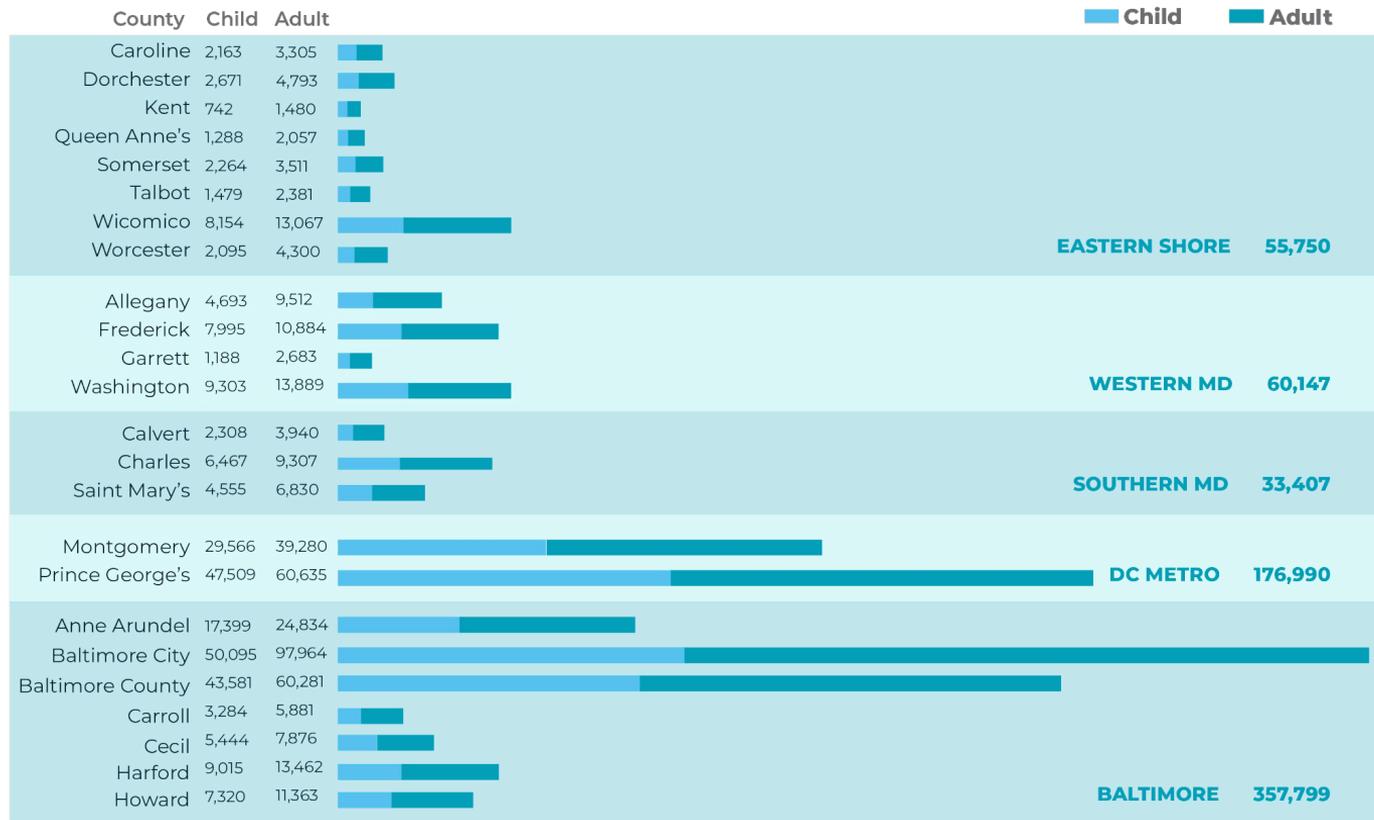
*As of May 2025*

**\$1.6 Billion:** total SNAP benefits issued annually to Marylanders

**\$180:** average monthly SNAP benefit per person

Before H.R.1, SNAP benefits were 100% federally funded and administrative costs were split 50/50 between the federal government and the states.

# SNAP Customers Served Monthly Average



## Total Served

Child **270,578**

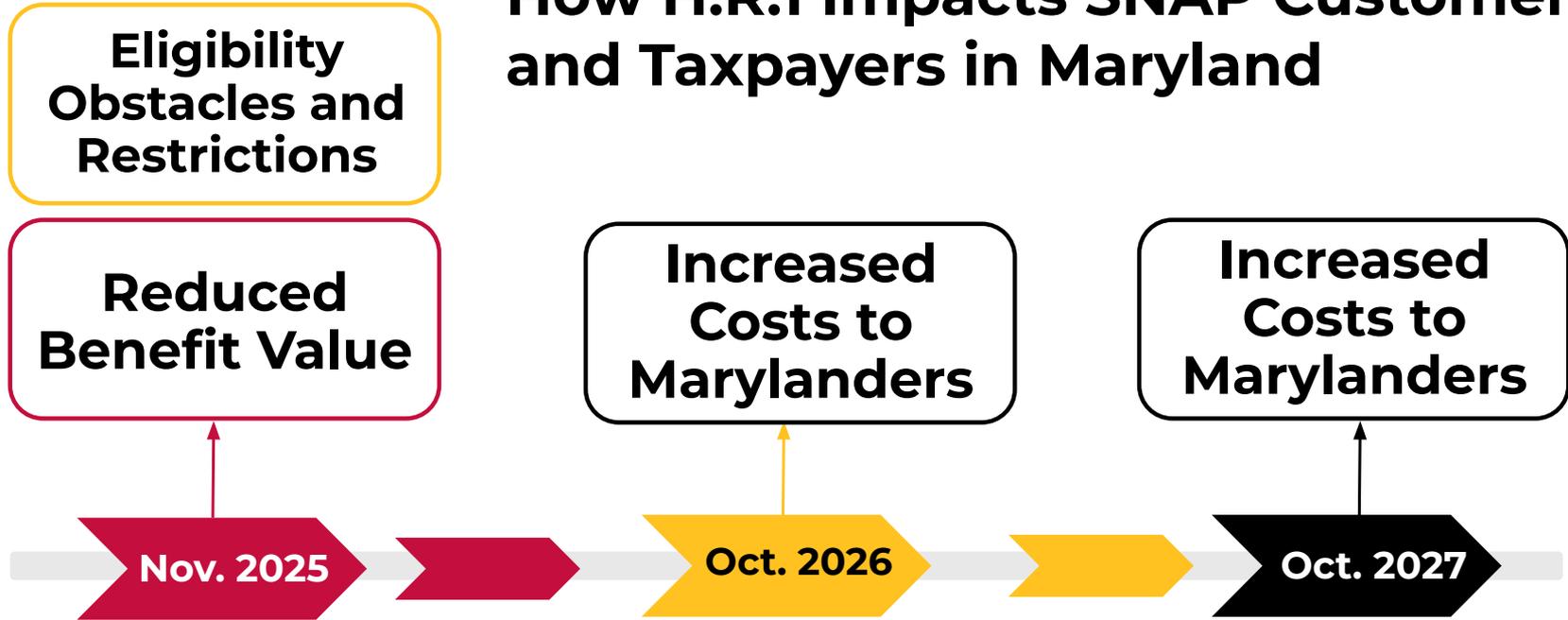
Adult **413,515**

*Totals represent monthly average customers served in State Fiscal Year 2025 to date (July 2024 - April 2025). Children are age 0-17.*

# Federal Shutdown Impact on SNAP

- The Trump Administration stopped funding SNAP on November 1, 2025
  - Maryland stepped in to fill the gap:
    - The Moore-Miller Administration announced a \$10 million emergency grant to support Maryland's food banks and community food pantries.
    - The Moore-Miller Administration made \$62 million available to make SNAP customers whole following a federal judge's order that the federal government provide contingency funding for the program.
  - On November 13, the federal shutdown ended and the federal government began funding all SNAP benefits again.
  - Maryland rapidly restored SNAP benefits issuance by November 18th.
- 

# How H.R.1 Impacts SNAP Customers and Taxpayers in Maryland



# H.R. 1 SNAP Changes Currently In Place

As of November 1, Maryland implemented the following required provisions of H.R. 1:

- Expanded ABAWD work requirements are in effect;
- Most refugees and people granted asylum are no longer eligible for SNAP unless they are also Lawful Permanent Residents; and
- Households without an elderly or disabled member no longer automatically receive the Standard Utility Allowance.

New applicants are immediately subject to these restrictions and requirements.

Current participants will feel the effects of these provisions in the months ahead as they recertify their eligibility for SNAP on a rolling basis.



# Expanded ABAWD Work Requirements

- H.R. 1 subjects up to 80,000 additional Marylanders to ABAWD work requirements, including:
  - Adults aged 55-64;
  - Adults 18-64 who do not have a child younger than 14 in the home;
  - Veterans, homeless individuals, and former foster youth up to age 24 who aged out of care.



# Expanded ABAWD Work Requirements (Continued)

- ABAWDs must be working, volunteering, or in an employment & training program for 20 hours per week. In most cases, education does not count.
  - Because of how the law is written, someone working at the MD minimum wage needs to work 14.5 hours per week to meet the requirement.
- ABAWDs not meeting this requirement can only receive SNAP for 3 months in any 36-month period.



# Expanded ABAWD Work Requirements (Continued)

- The table below shows how H.R. 1 expanded the universe of who is considered an ABAWD. Our initial estimates indicate **up to 80,000 Marylanders** will be newly considered ABAWDs.

<b>Pre-H.R.1 ABAWDs</b>	<b>Post-H.R.1 ABAWDs</b>
Adults 18-54 who do not have a child under 18 in the house	Adults 18-64 who do not have a child under 14 in the house
Veterans, homeless individuals, and former foster youth under age 24 who aged out of care are exempted	Veterans, homeless individuals, and former foster youth under age 24 who aged out of care are NOT exempted
People who are disabled, who are in an alcohol or drug treatment program, or who are “mentally or physically unfit for employment” are exempted	

# Reduced Benefit Value

Households without an elderly or disabled member no longer automatically receive the Standard Utility Allowance (SUA)

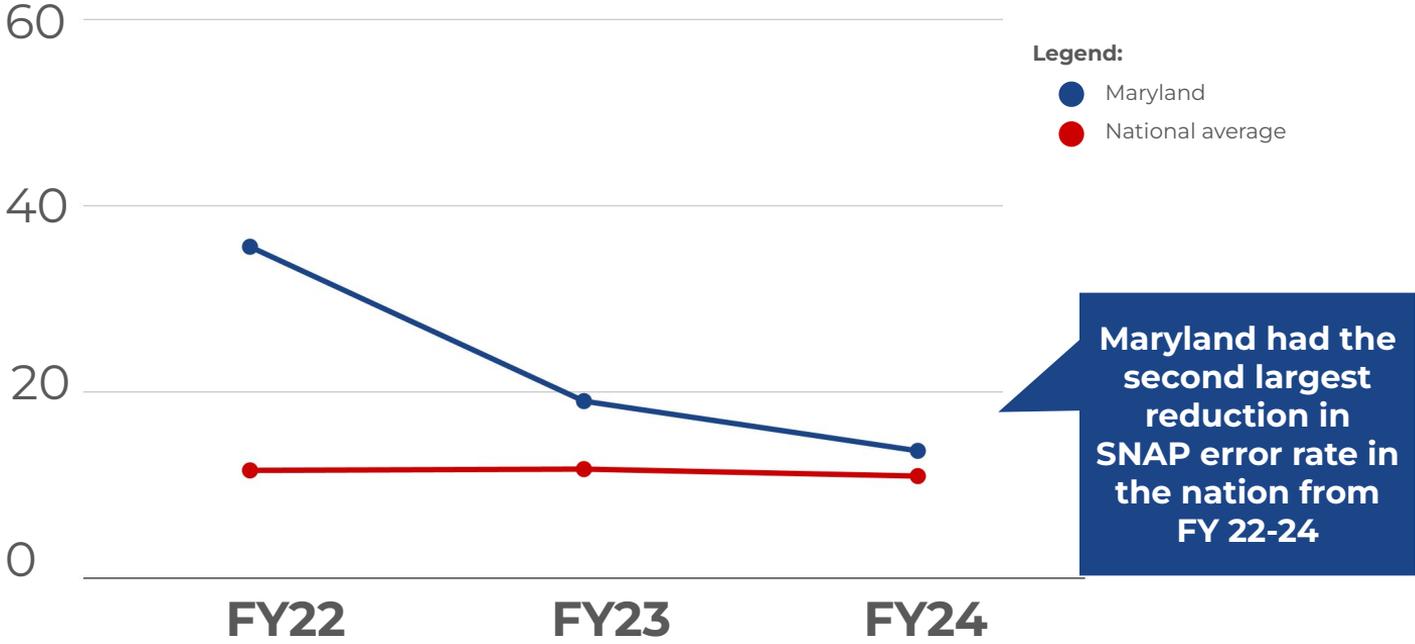
- Marylanders were previously eligible for higher SNAP benefits through a \$557 SUA because they received an energy assistance payment.
- H.R.1 eliminated this flexibility for households without an elderly or disabled member. Some SNAP households will still qualify for the SUA, but will have to provide additional documentation to verify their eligibility.
- This change means **thousands of Marylanders will need to jump through additional hoops to avoid seeing lower SNAP benefit amounts each month.**



# SNAP Payment Error Rate (PER)

- The SNAP Payment Error Rate (PER) is a federal measure of how accurately states determine eligibility and benefit amounts by checking the number of under or overpayments.
  - Underpayments: when a household receives less benefits than they are entitled to
  - Overpayments: when a household receives more benefits than they are entitled to
- The SNAP PER is **not a measure of customer fraud**, nor is it a measure of state fraud, waste, or abuse.
- The Payment Error Rate is a quality control check on a state agency's administrative processes.

# Maryland's SNAP Payment Error Rate



Source: US Department of Agriculture, Food and Nutrition Service, SNAP Payment Error Rates, <https://www.fns.usda.gov/snap/qc/per>.

# Payment Error Rate: What we know

- DHS is committed to effectively and equitably distributing federal assistance benefits to all eligible Marylanders
- We have been proactively implementing measures to drive down error rate since 2023.
  - When the Moore-Miller Administration came into office, we inherited a **35.56%** SNAP Payment Error Rate, the second-highest in the nation. We've cut the rate by more than **60%**, down to **13.64%**.
- Key drivers of error rate include:
  - Staff caseloads & turnover
  - System issues
  - Changes in federal policy

# Payment Error Rate: What We Know (FFY 2023)

## SNAP Caseload

Average Total Households	361,814
Average Total Recipients	661,239

## Quality Control Sample Data

<b>Total Sampled Cases</b>	1,108
<b>Total Error Cases</b>	215
Total Dollar Value of Errors	\$42,895
Average Error Amount	\$200
Lowest Error Amount	\$20
Highest Error Amount	\$1,175

Note: Maryland's FFY2023 error rate was derived from a random sampling. This information was used by the USDA to calculate that figure.

<b>Total Overpayment</b>	150
Total Dollar Value of Errors	\$33,802
Average Error Amount	\$225
Lowest Error Amount	\$20
Highest Error Amount	\$1,175
Total Cases with Open/Pending Claims	40
Total Value of Open/Pending Claims	\$52,125

<b>Total Underpayment</b>	65
Total Dollar Value of Errors	\$9,093
Average Error Amount	\$140
Lowest Error Amount	\$55
Highest Error Amount	\$404

# Payment Error Rate: What We Are Doing

## **Rebuilding the state human services workforce**

- Since January 2023, DHS hired nearly 200 new Family Investment caseworkers and supervisors statewide, reducing our vacancy rate by almost three quarters from a peak of 19.4% in April 2022 to 4.28% on January 16, 2026.
- We are focused on continuous hiring to fill every vacancy, and iterative, statewide, consistent training to ensure that all of our staff have the latest information.

# Payment Error Rate: What We Are Doing (Continued)

## Leveraging technology to reduce administrative burden and improve training

- We are rolling out AI-powered interactive trainings specifically for H.R. 1 changes, including knowledge checks, providing real-life scenarios for caseworkers to practice applying H.R.1 changes for new and existing customers.
  - We are automating select functions (such as no-change periodic reports) to free up staff time for work that cannot be automated.
- 

# Payment Error Rate: What We Are Doing (Continued)

## Addressing changes in federal policy

- Implementing the National Accuracy Clearinghouse (NAC), a nationwide data-comparison system that prevents people from receiving SNAP benefits in more than one state simultaneously.
  - Partnering with organizations such as Georgetown University, Code for America, U.S. Digital Response, Maryland Benefits to deploy technology solutions implementing HR1 while reducing errors that result from change.
  - Leveraging a performance improvement consulting services contract with BerryDunn.
- 

# H.R.1 Implementation Approach

Our mission is to **minimize harm** and **preserve lawful benefit access** as we implement this new federal law.

- **Preserve Access:** We will use every tool available to prevent procedural terminations and keep eligible Marylanders connected to benefits.
- **Be Human-Centered:** Building user-friendly tools and using plain language, focusing on the real-world impacts on our clients.
- **Build Practical Solutions:** Creating practical, data-driven solutions—like cross-agency workgroups—to reduce administrative burden.
- **Work in Partnership:** Working transparently with sister agencies and stakeholders to co-design strategies for the challenges ahead.

# DHS Strategies to Minimize Harm & Preserve Lawful Benefit Access

- Launched mobile-friendly **Maryland Benefits One Application** to more easily apply for benefits.
- Expanded our **SNAP E&T partner network** from 30 to 48 organizations to support customers and increasing our overall funding by 19%.
- Created a **new ABAWD screening tool** to easily identify exemptions for customers who qualify, and communicate with community orgs and advocates to help explain changes to customers and ensure exemptions are correctly applied.
- Developed a [new webpage](#) as a central hub for all H.R. 1 information.

# DHS Strategies to Minimize Harm & Preserve Lawful Benefit Access (Continued)

- Received a grant from the Public Benefits Innovation Fund (PBIF) to **leverage AI and other tools to improve the customer experience.**
- Working with the Maryland Health Care Commission (MHCC) to **use diagnostic data to automatically identify and exempt customers** from the ABAWD requirements based on their medical conditions.
- We are partnering with MD Labor, CBOs, MDOA, and philanthropic partners to expand access to education and training opportunities for ABAWDs.

# Additional Resources

- [DHS H.R.1 resource portal](#)
- SNAP [Employment & Training resource page](#)
- Emergency food resources: [The Maryland Food Bank](#) and [Capital Area Food Bank](#), as well as [211 Maryland](#) with customers seeking help finding food.

*We encourage Marylanders to continue to update their information, check their eligibility, and apply for help at [MarylandBenefits.gov](#).*

*Marylanders with questions are invited to call our Customer Service hotline 1-800-332-6347. For TTY, dial the Maryland Relay Service: 800-735-2258.*



# SNAP Payment Error Rate Tough Q&A

*July 1, 2025, Current as of January 14, 2026*

## **1. What is the SNAP payment error rate?**

The Supplemental Nutrition Assistance Program (SNAP) Payment Error Rate (PER) is a federal measure of how accurately state agencies determine eligibility for the program and the correct benefit amounts by checking the number of under or overpayments. Underpayments are when a household receives less benefits than they are entitled to; overpayments are when a household receives more benefits than they are entitled to.

The federal government compares each state agency's payment error rate with other state agencies and penalizes when state agencies are significantly above (105%) the national average for two consecutive years.

Maryland's [Federal Fiscal Year \(FFY\) 2022 SNAP Payment Error Rate](#) was 35.56 (Total, 32.65 Overpayment, 2.91 Underpayment).

Maryland's [FFY2023 SNAP Payment Error Rate](#) was 18.98 (Total, 15.07 Overpayment, 3.91 Underpayment).

In [FFY 2024, Maryland's Payment Error Rate is 13.64 percent](#) (Total, 8.85 Overpayment, 4.79 Underpayment). The national average SNAP payment error rate for FY 2024 is 10.93 percent.

## **2. Are SNAP payment errors the result of fraud?**

The SNAP Payment Error Rate (PER) is not a measure of fraud by the state agency or program participants. The SNAP PER is a quality control check on a state agency's administrative processes.

## **3. Does Maryland's SNAP payment error rate mean that the state wasted or abused federal resources?**

No. During the global COVID-19 pandemic, Maryland prioritized preventing food insecurity and implemented authorized waivers with that in mind. Largely due to

implementing pandemic waivers, food insecurity in Maryland averaged 8.7% during the pandemic, lower than the national average of 10.4%.<sup>1</sup>

- Maryland's SNAP program was strained during the COVID-19 pandemic due to high demand and high employee vacancy and turnover within the department. As a result of unusual circumstances beyond the agency's control, team members struggled to process the historically high number of applications and to meet time-consuming federal requirements that were reinstated in 2022 and 2023.
- In February 2022 when staff vacancies peaked at 19.33%, there were 11,800 SNAP applications with a 68% approval rate, and 503,336 cases feeding 881,093 customers.
- About 1,054 program staff were managing the 503,336 SNAP caseload in February 2022. That is fewer staff than before the pandemic (2019) when 1,322 program staff managed an average of 336,928 SNAP cases per month.
- Despite these overlapping challenges, Maryland reduced the SNAP payment error rate by half in our first year in office by moving urgently through decisive action, including:
  - Rebuilding the state government workforce.
    - Turnover between 2020-2022 and an unprecedented surge in SNAP applications (with a 400% increase in April 2020 alone) created high vacancy rates.
    - Since January 2023, we hired over 200 new Family Investment caseworkers and supervisors statewide, reducing our program staff vacancy rate by over 15%.
    - **Our program staff vacancy rate peaked at 19.33% in April 2022. As of May 2025, it is just over 4%.**
  - Taking steps to account for rapid federal guidance changes during the pandemic response.
    - Federal guidance changed frequently throughout the public health emergency resulting in the inconsistent application of SNAP policy.
    - We fixed this problem by submitting corrective actions to USDA to mitigate errors and ensure timely and accurate SNAP payments.

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<sup>1</sup> Bread for the World, Maryland Fact Sheet  
<https://www.bread.org/wp-content/uploads/2023/01/Maryland.pdf>

- We proactively took accountability for continuous quality improvement.
- Launching a new online state health and human services platform (MDTHINK) in 2020 to improve access to benefits and increased SNAP enrollment during the pandemic.
  - We have since transitioned to a new Eligibility and Enrollment (E&E) data management system on MDTHINK.
  - We fixed system calculation errors causing SNAP payment errors.
  - Since January 2023, we have intentionally focused on addressing over 3,000 previously undiscovered defect tickets.
  - We identified and resolved defects, and enhanced feedback loops between front-line team members and information system teams to identify errors faster to reduce the number of Marylanders negatively impacted.
  - We leveraged technology to make sure E&E works accurately to calculate benefits.

**4. What is Maryland’s SNAP payment error rate? What was it previously?**

We inherited a [FFY 2022 SNAP payment error rate of 35.56%](#). It was the second highest SNAP payment error rate in the nation. FFY 2022 ended September 30, 2022. The Moore-Miller Administration took office January 18, 2023.

In the first nine months of FFY 2023 we reduced the SNAP payment error rate by nearly half to [18.98%](#).

In FFY 2024 we reduced our payment error rate by an additional 5.34% from FFY 2023 to [13.64%](#).

**Since taking office we reduced the SNAP Payment Error rate by almost 2/3 for a total reduction of 21.92%.**

For more historical context, our FFY2023 data showed:

**SNAP Caseload**

Average Total Households	361,814
Average Total Recipients	661,239

**Total Errors**

Total Error Cases	215
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Total Dollar Value of Errors	\$42,895
Average Error Amount	\$198
Lowest Error Amount	\$20
Highest Error Amount	\$1,175

### **Overissuances**

Total Overissuances	150
Total Dollar Value of Errors	\$33,802
Average Error Amount	\$198
Lowest Error Amount	\$20
Highest Error Amount	\$1,175
Total Cases with Open/Pending Claims	40
Total Value of Open/Pending Claims	\$52,125

### **Underissuances**

Total Underissuances	65
Total Dollar Value of Errors	\$9,093
Average Error Amount	\$198
Lowest Error Amount	\$55
Highest Error Amount	\$404

### **5. What federal government rules changed during the pandemic?**

During the pandemic, Congress waived specific requirements and procedures to help state agencies provide more families with the means to purchase nutritious food. Specifically, Maryland implemented the following waivers:

1. We suspended interview requirements at the points of application and redetermination.
2. We did not include Federal Pandemic Unemployment Compensation as income when determining eligibility for SNAP.

3. We waived certain verifications that were difficult to provide during the pandemic, including verifications of stated shelter, income, and child-care expenses.
4. We waived the 6-month renewal periodic report.

#### **6. How does Maryland's SNAP payment error rate compare with other states?**

In FFY2022, we had the 52nd-worst SNAP payment error rate of U.S. jurisdictions, with only Alaska behind us. In FFY2023, we cut our payment error rate by half but we still had the 47th-worst error rate.

Many states refused the option to waive processes and prevented more people from accessing nutrition benefits during the pandemic crisis. As a result, those states did not implement any changes and had lower SNAP payment error rates. Typically, states that opted to help feed more people during the pandemic had higher payment error rates.

#### **7. What are we doing to improve the SNAP payment error rate?**

We hired more team members, prioritized close partnerships with our frontline teams, revamped training, identified information system defects, and moved urgently to address challenges brought to our attention by our frontline team members. We are focused on creating a culture of catching errors and quickly course correcting.

As part of Governor Moore's plan to end childhood poverty in Maryland, we continue to carefully implement changes that increase access to SNAP through state offices, a universal benefits screener, a streamlined benefits application, and through our call center. We are focused on continually decreasing our SNAP payment error rate while making the program more accessible to Marylanders.

#### **8. What sanctions does Maryland face from the USDA?**

Maryland's total potential liability for both FFY 2024 and FFY 2023 is \$27,957,820. We are currently appealing the FFY 2023 finding.

#### **9. What are we doing to ensure our SNAP payment error rate returns to acceptably low levels?**

Once the Moore-Miller administration assumed office on January 18, 2023, DHS immediately addressed root causes of the state SNAP payment error rate, including successfully hiring and training new team members and improving the function of the state benefits information system. Since January 2023, we reduced our SNAP payment error rate by two-thirds and will continue driving it downward.

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# Maryland Benefits | One Application

## Appropriations Committee

January 20, 2026



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# A Customer Experience Challenge

The customer experience to learn about and apply for benefits across agencies is confusing, lacks customer-friendliness and consistency. As a result, Marylanders miss out on the benefits for which they're eligible. We must provide a unified and simple way for our customers to discover, apply and receive benefits.

# Human Centered Digital Front Door for Benefits



Provide a simplified benefits experience for the customer



Make benefits discoverable for individuals and families



Create an integrated one step application process



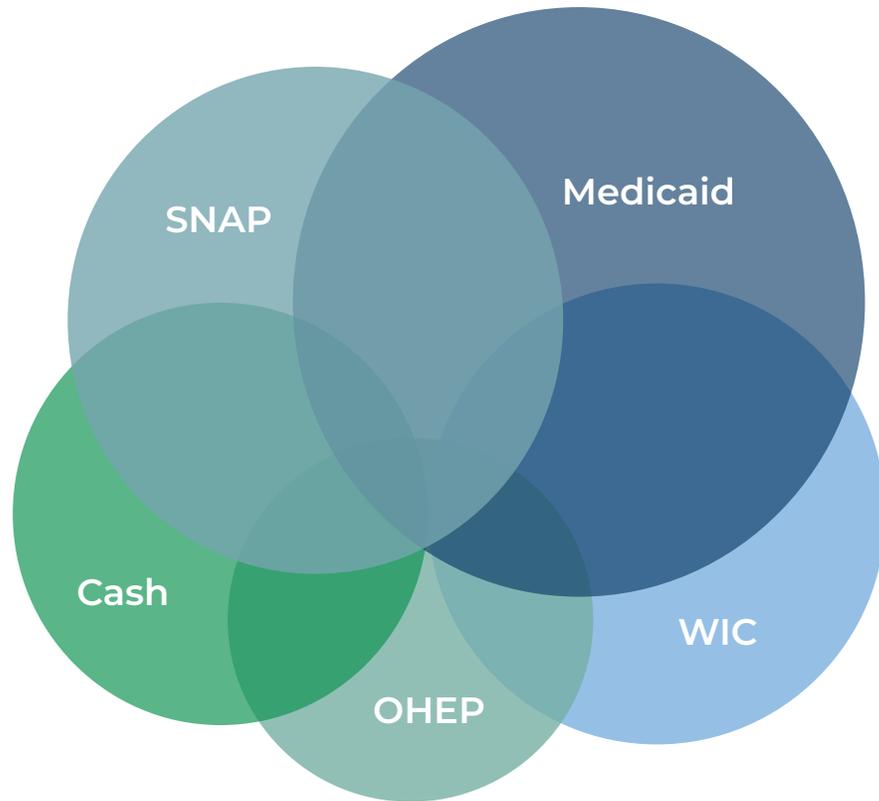
Digitally engages with new & existing customers



Establish a universal platform of accessing benefits across the state

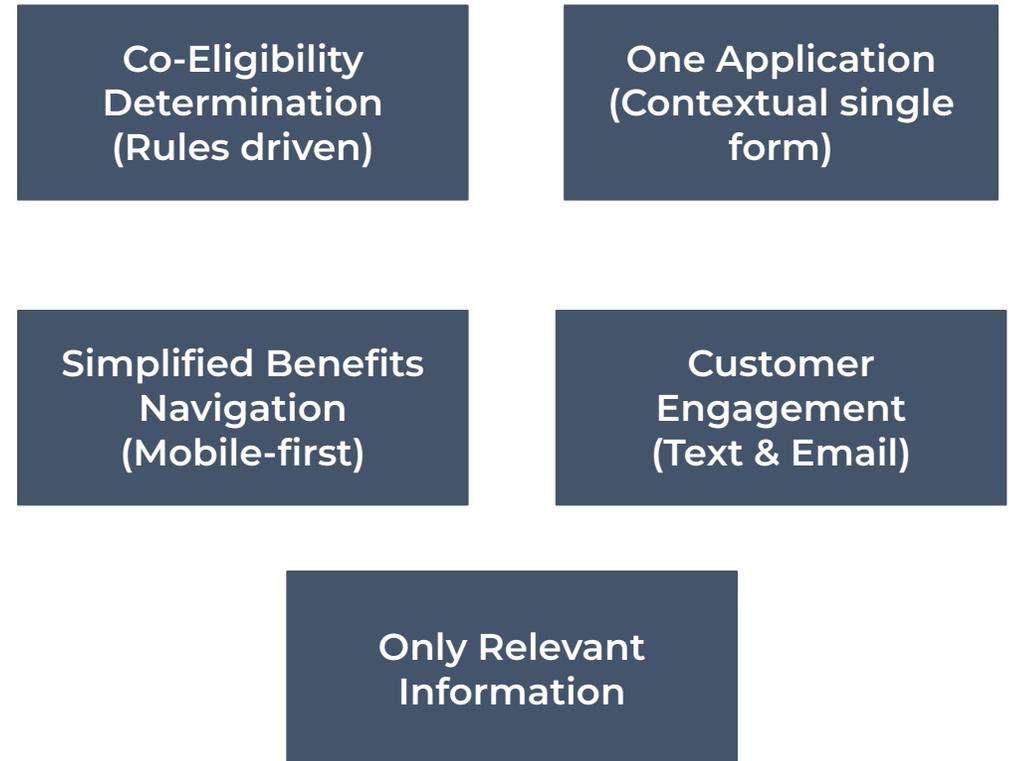
# A Unified Benefits Service - How do we help Marylanders apply for benefits easily?

## Benefits in Scope



Representative overlap in questions/eligibility

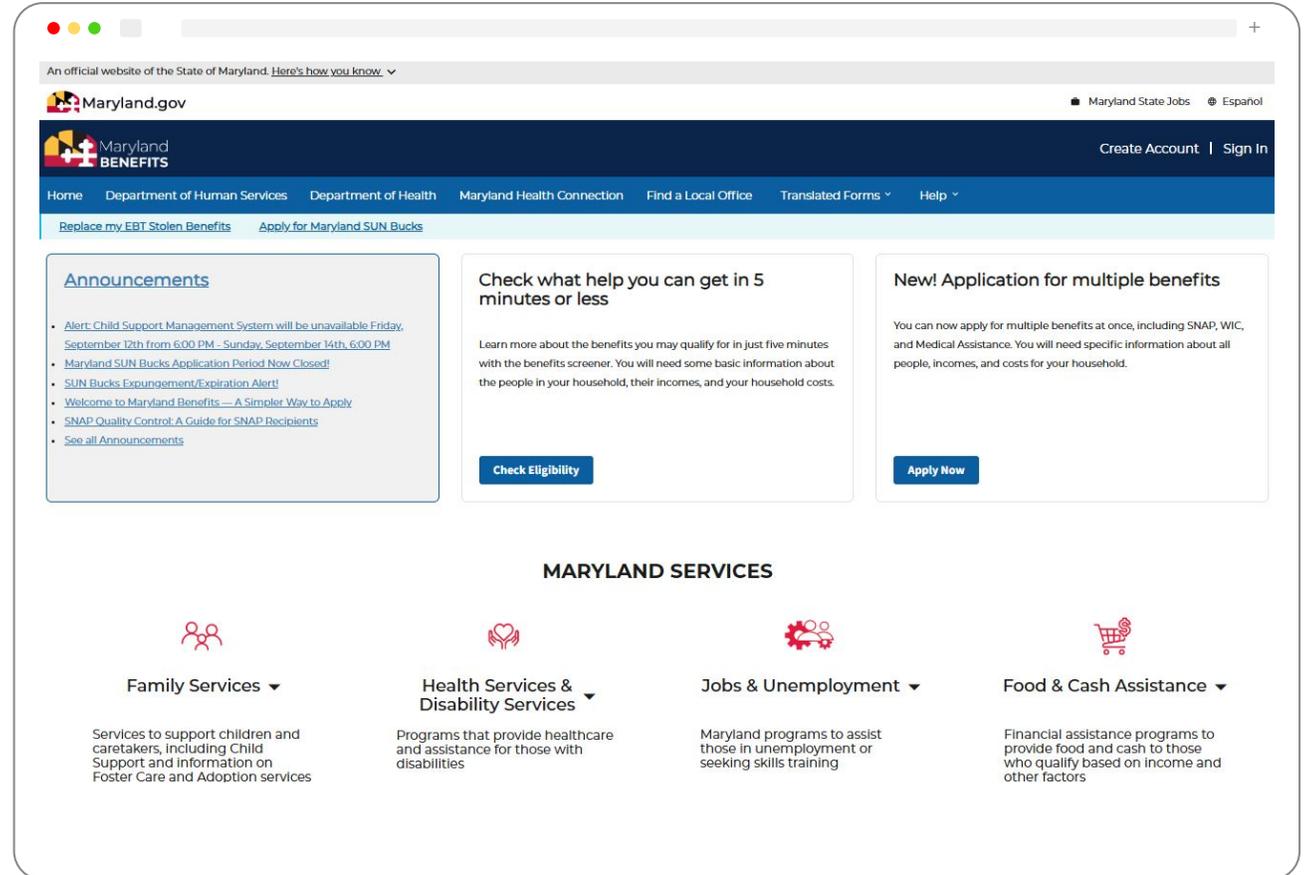
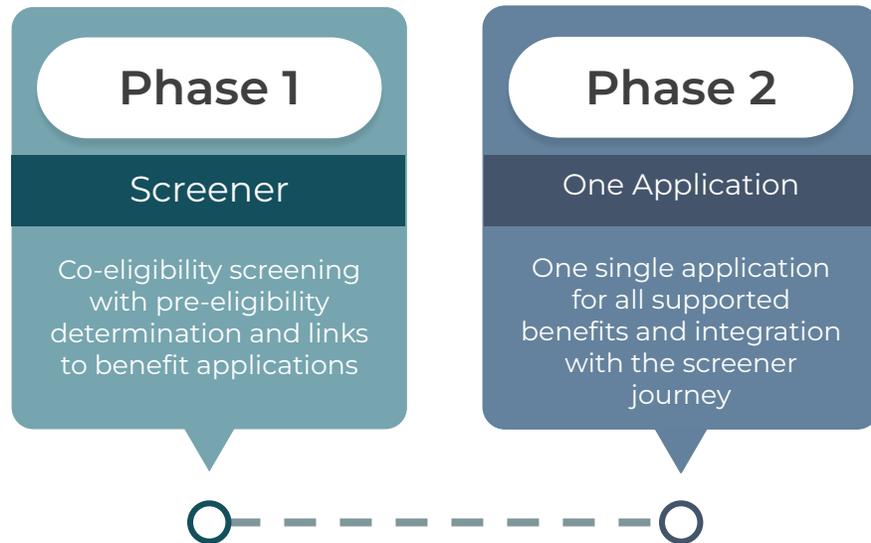
## Key Features



# Marylandbenefits.gov

## Access to Benefits and Services

- Eligibility Screener
- Integrated Application



# Eligibility Screener

Helping Marylanders understand what benefits they may be eligible to receive in less than 5 minutes using plain language

- **SNAP**
- **TCA/TANF**
- **WIC**
- **Medicaid**
- **Energy Assistance**
- **Emergency Assistance**
- Energy Savings Program
- Child Care Scholarship
- Maryland Access Point
- Medication Assistance Programs
  - Low-Income Subsidy (LIS) / Extra Help
  - Senior Prescription Drug Assistance Program (SPDAP)

Bolded items were in initial release

# Eligibility Screener Outcomes

Since December 2024 launch,

- **343,682** screener sessions have been initiated
- **241,044** screener sessions completed
- Average time taken by customer to complete screener **04 minutes 17 seconds**
- **65%** of screener sessions accessed on phone

1 of 5 Household overview

 Tell us about your household

Do you live in Maryland?  
(required)

Yes

No

Are you getting help from any of these programs now?  
Choose all that apply.

Food (SNAP)

Cash (TCA, TDAP, PAA)

Healthcare (Medicaid)

Women, Infants, and Children (WIC)

Utility (OHEP)

2 of 5 Household members

 Tell us about the people in your household

The people you live with and share money to pay for food and bills.

How many children in the household are you responsible for?  
This counts if you're a parent, step-parent, foster parent, or a kinship caregiver.

Is anyone in your household...  
Choose all that apply.

A student enrolled at least half-time in a college, university, trade/technical school, or job-training program

Blind or visually impaired

Recently pregnant

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# One Application

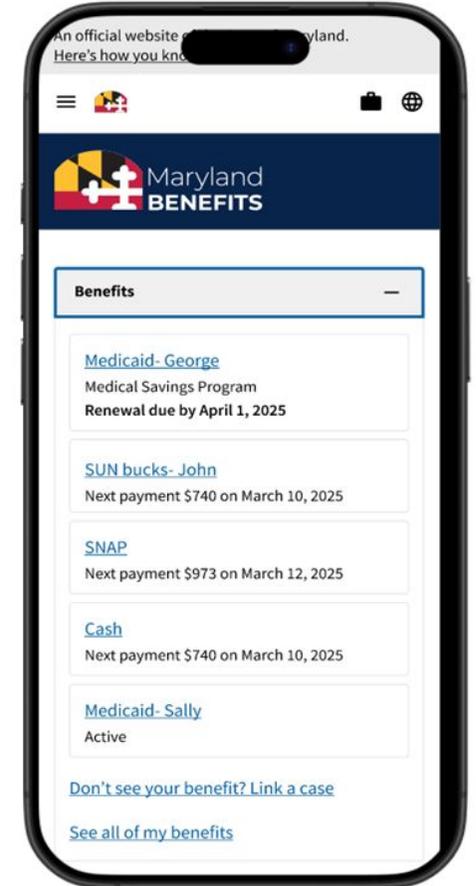
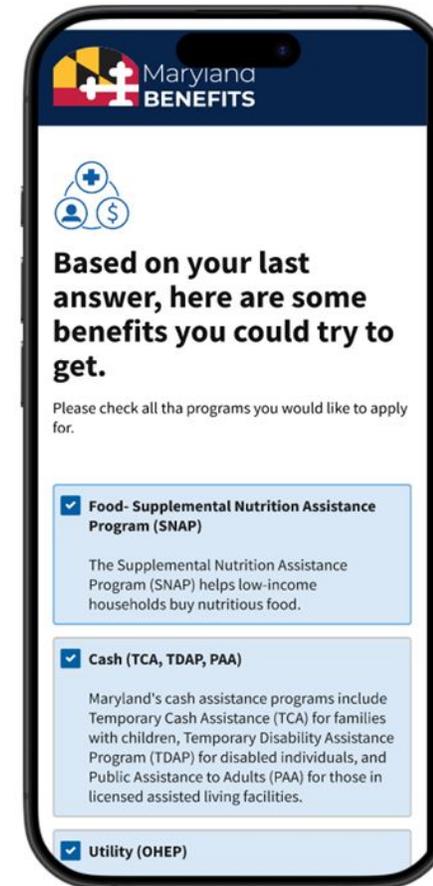
Integrated Eligibility Application supporting multiple programs through a single, mobile application, providing customers with a faster and easier way to apply for:

- SNAP
- TCA/TANF
- WIC
- Medicaid
- Energy Assistance
- Emergency Assistance

# One Application Outcomes

Since **July 2025** launch,

- **261,761** applications have been submitted
- **35%** multiple benefit applications
- **28 minutes** on average to complete application
- **65%** customers have found **very easy** or **easy** to use and 14% neutral (3,773 survey responses)
- **12%** increase in digital applications (72% of all applications)



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# Road Ahead

Eligibility Screener Expansion to include:

- Service and Benefits Program - Department of Veterans and Military Families

One Application Expansion to include:

- Redeterminations and Interim Changes
- Long Term Care + Waivers Integration

Other opportunities with Department of Labor, Department of Disabilities, State Department of Education

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# Questions

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**Thank you!**