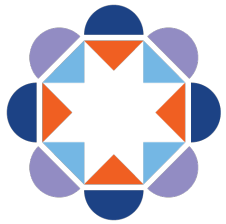
# Medicaid Overview and HR 1 Changes, Impact, and Timeline

May 4, 2026



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Illinois Department of
Healthcare and Family Services

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OUR VISION FOR THE FUTURE

# We improve lives.

- We address social and structural determinants of health.
- We empower customers to maximize their health and well being.
- We provide consistent, responive service to our colleagues and customers.
- We make equity the foundation of everything we do.

This is possible because:

## We value our staff as our greatest asset.

We do this by:

Fully staffing a diverse workforce whose skills and experiences strengthen HFS.

Ensuring all staff and systems work together.

Maintaining a positive workplace where strong teams contribute, grow and stay.

Providing exceptional training programs that develop and support all employees.

## We are always improving.

We do this by:

Having specific and measurable goals and using analytics to improve outcomes.

Using technology and interagency collaboration to maximize efficiency and impact.

Learning from successes and failures.

## We inspire public confidence.

We do this by:

Using research and analytics to drive policy and shape legislative initiatives.

Clearly communicating the impacts of our work.

Being responsible stewards of public resources.

Staying focused on our goals.

# HFS Guiding Principles

- **Mitigate harm** as much as possible.
- Ensure eligible **Illinoisans receive and maintain the coverage and benefits** for which they qualify.
- Ensure the Illinois Medicaid program maintains the ability to **cover as many health care services as possible**.

# HR 1 Education Series Module 1

## Agenda

- HR 1 Changes
- Phase 1 Stakeholder Toolkit and Communications Timeline

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# HR 1 Changes

# IL Medicaid Programs

Each program has different income eligibility limits.

- **All Kids -** children aged 18 and younger (*) **
- **FamilyCare -** parents/caretaker relatives of children*
- **Moms & Babies -** Pregnant, 12 months post-partum, or child under 1(*) **
- **ACA Adult Medicaid -** adults aged 19-64 with no child under 18 in their household, not on Medicare
- **AABD Medicaid -** persons with disabilities, people on Medicare or age 65+*
- **DCFS/Former Foster Care –** current DCFS wards/adults under age 26 who were on Medicaid when they left DCFS foster care
- **Medicare Savings Program (MSP) -** helps Medicare recipients pay for premiums, deductibles, co-payments and co-insurance; three levels dependent on income
- **Health Benefits for Workers with Disabilities –** coverage for employed person with disability ages 19-64
- **Family Planning Program -** Limited Reproductive Health Coverage, regardless of age or gender
- **Home and Community Based Waivers** - Services for individuals in their own homes or community

* Indicates federally mandated coverage groups
** Indicates program does not require immigration status

# Who are ACA Adults?

**This coverage group was established with the passage of the Affordable Care Act in 2010 to address coverage gaps for adults previously ineligible for Medicaid:**

- Individuals aged 19 - 64 at or below 138% of the Federal Poverty Level (FPL)
- Do not have dependent children under the age of 18 in their household
- Do not fall into other eligibility groups such as Medicare, former youth in foster care, parent/caregiver relatives, or pregnant individuals

- *IL is unique: parent/caregiver relatives have their own eligibility category outside of ACA adults and are therefore excluded from work requirements under HR1*

# HR 1 Overview | HR 1 Medicaid Changes

Effective date: 2025-2026 | 2027 | 2028 and beyond

| Category | HR 1 changes | Deadline(s) |
|---|---|---|
| Eligibility | Non-citizen eligibility reduction | Oct 1, 2026 |
| | Community engagement (work requirements) for ACA adults | Jan 1, 2027 |
| | 6-month redeterminations for ACA adults | Jan 1, 2027 |
| | Retroactive coverage limits | Jan 1, 2027 |
| | Deceased member checks for disenrollment | Jan 1, 2027 |
| | Multi-state address verification requirements | Jan 1, 2027 |
| | Deceased provider checks for disenrollment | Jan 1, 2028 |
| | Asset ceiling for long term care implemented | Jan 1, 2028 |
| | HCBS waiver expansion allowed | Jul 1, 2028 |
| | Cost sharing for ACA adults via co-pays | Oct 1, 2028 |
| Financing | Abortion funding freeze | Jul 4, 2025 – Jul 3, 2026 |
| | Provider and MCO tax changes | Jul 1, 2027-Oct 1, 2032 |
| | Caps state directed payments | Jan 1, 2028 |
| Oversight | 1115 waiver budget neutrality | Jan 1, 2027 |
| | Good faith administrative error payments reduced | Oct 1, 2029 |
| | Rule delays (Medicare savings plan, Medicaid / CHIP eligibility, nursing home staffing) | Oct 1, 2034+ |

# HR1 Medicaid changes: Eligibility

## Four key eligibility changes with significant impacts take effect 1/1/27 or earlier

| | |
|---|---|
| 1 **Work requirements** | ACA adults need to meet work requirements or claim an exemption to be eligible |
| 2 **6-month redeterminations** | Eligibility is redetermined every six months for ACA adults, instead of every twelve |
| 3 **Retroactive coverage limits** | Reduces medical coverage pre-enrollment from 3 months to a) 1-mo for ACA adults and b) 2-mo for other groups |
| 4 **Non-citizen eligibility** | Removes federal matching funds for certain previously eligible immigrant categories |

*HR 1 changes are likely to drive disenrollment and coverage gaps*

# Summary | Eligibility Changes

## October 1, 2026:

### Non-citizen eligibility

- Limits federal matching funds for certain **previously eligible immigrant categories** (e.g., refugees, asylees)
- SB3462 / HB4824 are bills under consideration that would preserve coverage for legal/humanitarian immigrants, including those who would lose Medicaid effective October 2026 due to HR1 changes.
- More Information to come

## January 1, 2027:

### Community engagement for ACA adults

- Requires certain ACA adults to meet work or qualifying activity requirements as a condition of eligibility
- ~700,000 enrollees subject to compliance; an **estimated 165,000-300,000 at risk** of not meeting and not exempt
- All new applicants eligible solely under the ACA adult category must satisfy work requirements prior to eligibility determination

# Summary | Eligibility Changes

## January 1, 2027:

### 6-month redeterminations for ACA adults

- Requires eligibility redeterminations every **six months**, instead of every twelve

### Retroactive coverage limits

- Reduces retroactive coverage from 3 months to: i) **1 month for ACA adults** and ii) **2 months for other eligibility groups**

# Impact for Older Adults

- Anyone 65 and older is not an ACA Adult and not subject to HR1's work requirements and 6 month redeterminations.
- Some individuals 60-64 are ACA Adults and will be subject to HR1's changes

# HR 1 provides exemptions from work requirements for some populations and for individuals with certain circumstances, including:

- American Indians, Alaska Natives, and California Indians
- **Parents, guardians and caretakers of dependent children 13 years or younger or disabled individuals**
- Veterans with total disability ratings
- **Medically frail individuals**
- Individuals subject to Supplemental Nutrition Assistance Program (SNAP) work requirements
- Pregnant individuals or those receiving postpartum coverage
- Foster youth or former foster youth under age 26
- Individuals participating in a drug addiction or alcohol treatment and rehabilitation program
- Inmates of public institutions

# Flexibility in HR 1 “medically frail” under HR1

**HR 1 requires states to exempt individuals who are medically frail from W/R**

Includes individuals who…

- Have a SUD
- Have a disabling mental disorder
- Have a physical, intellectual, or developmental disability that significantly impairs their ability to perform 1+ ADL
- Have a serious or complex medical condition
- Are blind or disabled

## Key design questions (pre-CMS Interim Final Rule)

**HR 1 language has some flexibility**

**IL is advancing a best-informed approach to policy decisions** required to meet HR 1 deadlines before the final CMS rule is released in June 2026, while building in flexibility to adapt as required.

**Key medical frailty decisions being made pre-guidance include:**

**Definition**

**Eligibility verification**
*Auditable self-attestation at application/rede and use of exparte data sources*

**Exemption duration**
*How long are medically frail exemptions valid for, and which are permanent (12+ months) vs. temporary (6 months)? CMS should be providing guidance.*

# Work Requirements Compliance

**Individuals subject to work requirements can satisfy the requirement in multiple ways:**

- **Employment** = A minimum of 80 hours of work per month or a monthly income of $580 (different rules for seasonal workers).
- **Community service** = A minimum of 80 hours of community service per month.
- **Work program participation** = Participation in a work program for a minimum of 80 hours per month.
- **Enrollment in an educational program** = Enrollment at least half-time in higher education or a career or technical education program.

**Any combination of these activities totaling at least 80 hours**

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# Phase 1 Stakeholder Toolkit and Communications Timeline

# Overall Communications Objectives

1. Increase customer awareness that changes are coming
2. Clearly explain who is affected and who is exempt
3. Provide simple, accessible instructions for those who must act
4. Minimize confusion, call center strain, and procedural disenrollment
5. Meet all federal notice and accessibility requirements

# Communications Timeline

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H.R. 1 Phase 1 Toolkit

**Early 2026: Awareness & Preparation**

- Changes to Medicaid are coming in late 2026 and 2027
- Please update your contact information
- Illinois will provide advance notice

**Mid-2026: Broad Public Awareness**

- Some adults will be impacted
- Many Medicaid customers will be exempt
- Advance notifications will **only go out to impacted customers**

**Fall 2026: Targeted 90-Day Notices**

- Individualized notices sent to impacted customers only
- Clear instructions, deadlines, and help options

**January 2027 and Beyond: Go-Live & Reinforcement**

- Reminders and ongoing support
- Focus on preventing avoidable coverage loss

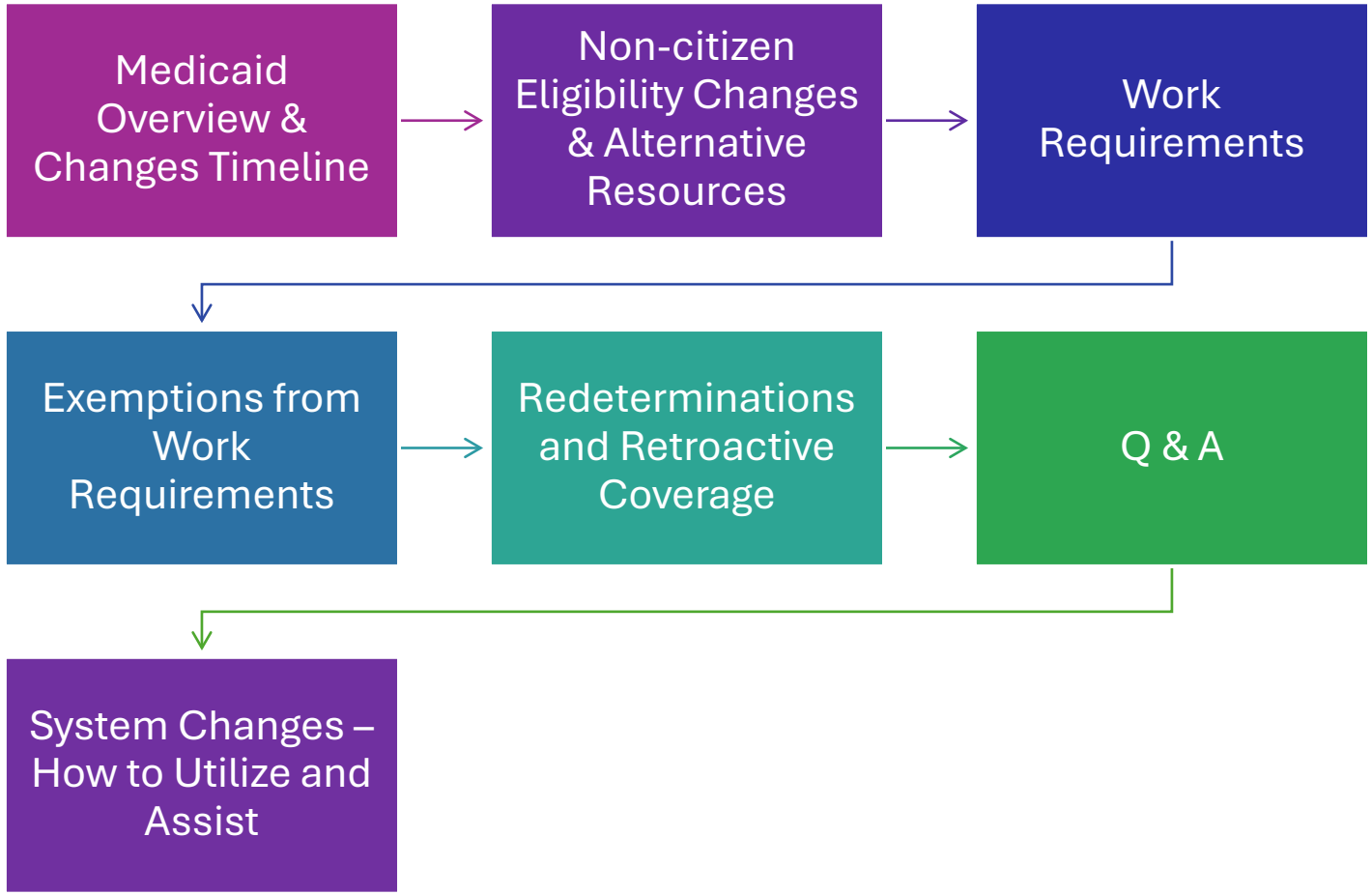
# Address Update Messaging Toolkit | HFS

- **Social Media**
  - Use our images and messages for Social Media Posts
- **Flyers**
  - Post flyers in highly visible areas in your clinics waiting rooms, community centers, schools, churches, food banks and anywhere else you see our shared customers.
  - Print flyers and hand them to customers at check in or check out.
  - Put them in bags at food pantries or in school bags
- **Suggested Text Messaging Language**
- **Suggested Newsletter Language**

# Additional Website Pages Coming Soon

- DHS Information and toolkit
- HFS Toolkit
- HFS Customer focused page with common question and answers
- HFS Stakeholder page with assistance guidelines, Q & A and toolkits
- CMS Flyers/Toolkits available in May

# HR1 Public Education Webinars: May to November 2026




Register for Webinars at the Federal Resource Center page.