

New Restrictions Limiting Access to Medicaid Retroactive Coverage

H.R. 1 implementation explainer: April 2026

The 2025 budget reconciliation law (H.R. 1) imposes major new federal restrictions on retroactive coverage, a critical aspect of Medicaid coverage that protects people from financial hardship while they apply for Medicaid. Below is a detailed explanation of Medicaid retroactive coverage and the implications of H.R. 1's new restrictions on consumers, hospitals and state health care systems.

Medicaid retroactive coverage: A critical safeguard for new Medicaid enrollees

Many individuals apply for Medicaid after an unexpected illness or injury or after they have a change in life circumstances that makes them eligible for Medicaid (such as pregnancy). It may be difficult for someone experiencing major health care needs to navigate Medicaid paperwork before medical bills pile up. Retroactive Medicaid allows eligible individuals to receive coverage for medical expenses that happen in the weeks before their Medicaid application date. Retroactive coverage is especially important for:

- **Children:** Nearly half of all children are covered by Medicaid.¹ Retroactive coverage is critical for vulnerable babies in the NICU, children admitted to the hospital after a traumatic accident and children with complex medical needs.² Without retroactive coverage, families have to worry about paperwork and costly medical bills instead of their child's recovery. NICU medical bills average almost \$78,000 per stay.³
- **People in emergencies:** Many Americans only learn of their Medicaid eligibility during a medical emergency. A sudden hospitalization can cost \$3,297 per day, on average.⁴ A person could have a heart attack and be liable for thousands of dollars in hospital expenses if they "fail" to file a Medicaid application before they arrive at the emergency room. Retroactive Medicaid exists because it is unrealistic to expect Medicaid applications to happen instantaneously during emergencies.



Retroactive coverage is especially important for children, people in emergencies, pregnant women, adults with disabilities and seniors.

- **Pregnant women: More than 4 in 10 births are covered by Medicaid.**⁵ Many low-income mothers are unaware they qualify for Medicaid until pregnancy begins or until after delivery.⁶ The average cost of maternity care in the U.S. — including prenatal care, delivery and postpartum care — **is more than \$20,400**, making it unaffordable for mothers to pay out of pocket.⁷ Retroactive coverage supports mothers while they apply for Medicaid.
- **Adults with disabilities & seniors: Medicaid covers 1 in 3 people with disabilities and more than 6 in 10 nursing home residents.**⁸ Sudden health declines or nursing home placements are rarely planned and are costly at **more than \$9,900/month.**⁹ Complex paperwork often delays Medicaid applications: On average, it takes **79 days** to assemble paperwork and apply for and receive Medicaid for long-term care needs.¹⁰ Retroactive coverage is the primary protection against catastrophic debt for vulnerable seniors.¹¹

New H.R. 1 restrictions on Medicaid retroactive coverage

Retroactive coverage has been an essential feature of Medicaid since 1972, providing coverage for all health care services that fall within 90 days of an eligible individual applying for Medicaid (provided the individual would have been Medicaid-eligible when they received care).¹² However, starting in 2027, H.R. 1 will shrink the period of retroactive coverage to just 30 days for adults aged 19 to 64 who are enrolled in the Affordable Care Act's (ACA's) Medicaid expansion and to 60 days for all other Medicaid enrollees, including children.¹³

Impact on Medicaid applications: High administrative barriers to coverage remain

Proponents of reducing retroactive coverage argue that more restrictive policies prompt people to enroll in Medicaid early and efficiently.¹⁴ However, studies have found no evidence that this policy encourages or enables patients to submit timely Medicaid applications.¹⁵ The problem is that many Medicaid-eligible populations are not aware of their eligibility and lack access to health care providers who can explain coverage options and guide them through the enrollment process.¹⁶ In addition, removing retroactive coverage does nothing to address the many administrative barriers to attaining Medicaid coverage:

- **Burdensome paperwork:** In 2023, **72% of people who lost access to Medicaid lost it not because of ineligibility, but because they had difficulty navigating complex applications and paperwork.**¹⁷ Additional paperwork burdens under H.R. 1's new Medicaid work reporting requirements will further delay eligible individuals from submitting an application, especially as hospitalized or nursing facility-bound individuals are not home with ready access to their documents.

- **High call center wait times:** Many state Medicaid call centers cannot efficiently or adequately assist consumers, leaving applicants without the answers they need to complete their Medicaid applications promptly.¹⁸ Average call center wait times in Idaho, Nevada and Missouri are more than 30 minutes; Missouri’s call center abandons more than half of calls received.¹⁹
- **Slow Medicaid application processing:** Some state Medicaid departments do not have adequate resources to keep up with their workload. **Slow Medicaid application process times and a backlog of coverage renewals put people at risk of delayed coverage, even if they are able to file a Medicaid application promptly.** In 13 states, more than one-quarter of applications take longer than 30 days to process; in Virginia, more than 72% of all Medicaid applications take longer than 30 days to process.²⁰
- **Additional barriers in rural communities:** Nearly one in four rural residents has Medicaid coverage, but rural applicants have difficulty applying due to limited internet access, barriers to transportation and reduced access to navigators or enrollment counselors to guide them through the complex Medicaid application process.²¹

Impact on low-income Americans: Increased medical debt

Twenty million Americans (nearly 1 in 12 adults) owe medical debt, with approximately 14 million owing more than \$1,000 in medical debt and another three million owing more than \$10,000.²² Reducing access to retroactive Medicaid will only worsen this medical debt crisis. When Indiana eliminated retroactive Medicaid coverage in 2016, **the average increase in medical debt was \$1,561 per person.**²³ Few states have enacted policies to safeguard low-income consumers from medical debt (such as medical debt caps, credit protections or financial assistance programs for low-income families).²⁴ Without debt protections in place, vulnerable people who lose retroactive Medicaid coverage will have no ability to pay for their hospitalization, surgeries and other care, and they are at risk of losing their homes.

Impact on safety-net providers: Increased uncompensated care

When Medicaid-eligible patients cannot get retroactive coverage, health care providers and the state absorb the cost of uncompensated care (care provided that is not paid for).²⁵ Reducing the retroactive coverage period only increases the vulnerability of providers who serve people on Medicaid:

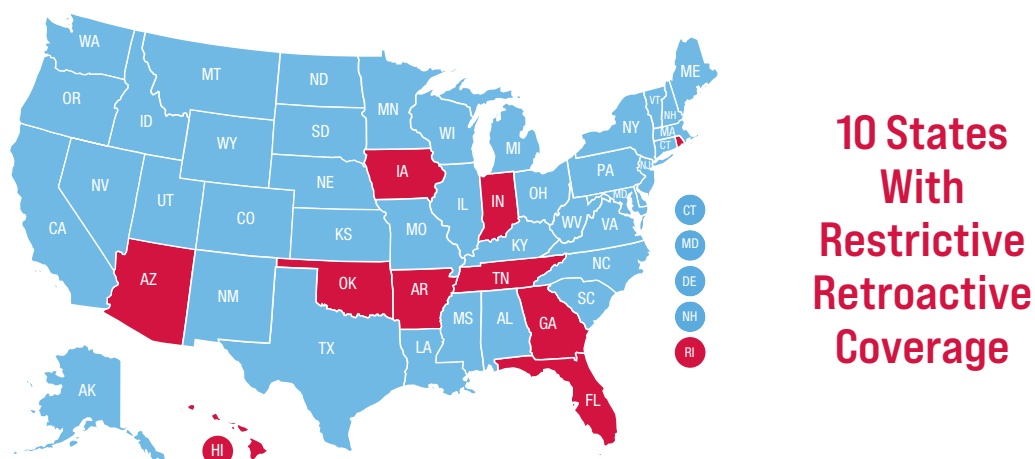
- **Hospitals:** Safety-net and rural hospitals provide elevated levels of uncompensated care, given higher uninsured rates among the populations they serve.²⁶ U.S. hospitals already report a \$27.5 billion Medicaid shortfall (difference between a hospital’s cost of care for Medicaid patients and the payment it receives),²⁷ and reduced retroactive

coverage significantly increases their financial exposure: A total of 16% of Iowa hospitals experienced uncompensated care increases after the state eliminated retroactive coverage,²⁸ and Ohio estimated that removing retroactive coverage would cause their hospitals to face \$2.5 billion in additional costs over five years.²⁹

- **Nursing facilities:** The U.S. experiences a critical, ongoing shortage of nursing homes with more than 1,000 facilities closing since 2015.³⁰ Staffing shortages and closures have displaced nearly 45,000 seniors who need long-term care; these facilities continue to limit new admissions, creating bottlenecks at hospitals and reducing access to care.³¹ Restricting retroactive coverage will not help struggling nursing facility providers: In Iowa, eliminating retroactive coverage led to an estimated \$7 million in lost revenue for skilled nursing facilities, prompting the state to reinstate retroactive coverage for nursing home residents.³²

Reduced retroactive coverage in states

While H.R. 1 institutes a federal restriction on retroactive coverage, several states already have restrictive retroactive coverage policies in place. In 2019, at least 27 states had Section 1115 waiver approval from the Centers for Medicare & Medicaid Services (CMS) to reduce their state's retroactive coverage period or eliminate it altogether (for example, coverage begins on the date of Medicaid application submission).³³ In the intervening years, many states eventually phased out, scaled back or withdrew such waivers, in some cases due to evidence that these policies were not effective in influencing prompt enrollment or renewal.³⁴ However, **at least 10 states still have restrictive retroactive coverage waivers in place, nine of which restrict retroactive coverage further than what is required under H.R. 1** (see table, page 5). Unlike H.R. 1, however, many of these state waivers make exceptions for certain vulnerable groups, such as pregnant women and children.



State Restrictive Retroactive Coverage Policies

State	Impacted Populations		Exemptions				Retroactive Coverage Restriction			
	Traditional Medicaid	Medicaid Expansion	Pregnancy (Including 60 Days Post-partum)	Children Under Age 19	Aged, Blind and Disabled Individuals	People Applying for Long Term Care/Living in Nursing Facilities	30 Days	First Day of the Month of Application	10 Days	Eliminated ^a
Arizona ³⁵	X	X	X	X				X		
Arkansas ³⁶		X		N/A			X ^b			
Florida ³⁷	X		X	X ^c				X		
Georgia ³⁸		X ^d		N/A						X ^e
Hawaii ³⁹	X	X				X			X	
Indiana ⁴⁰		X	X	N/A						X
Iowa ⁴¹	X	X	X	X		X		X		
Oklahoma ⁴²	X		X ^f	X	X					X
Rhode Island ⁴³	X	X	X	X	X					X
Tennessee ⁴⁴	X		X	X						X

^a Coverage only available prospectively, from the date of application or after applicant pays a premium to the state to begin their coverage.

^b Arkansas' current retroactive coverage restriction for its Medicaid expansion population (30 days) is the same as what is now required under H.R. 1. In 2027, Arkansas will have to reduce retroactive coverage for other Medicaid beneficiary categories down to 60 days.

^c In Florida, the retroactive coverage exemption is for individuals under age 21.

^d Georgia has not expanded Medicaid under the ACA Medicaid expansion. However, under the Georgia Pathways to Coverage Section 1115 demonstration waiver, the state offers partial expansion coverage to adults ages 19 to 64 with incomes up to 100% of the federal poverty line. Georgia's retroactive coverage restriction is applicable to this population only and not to people accessing Medicaid through traditional pathways.

^e Georgia's pending Section 1115 demonstration waiver renewal would establish a retroactive coverage policy for adults enrolled in the Pathways to Coverage Program. If approved by CMS, the waiver would allow coverage to begin on the first day of the month in which an application is received.

^f Currently, Oklahoma allows retroactive coverage during pregnancy and 60 days postpartum. The state has applied to CMS to extend full retroactive Medicaid coverage to 12 months postpartum.

N/A: States where retroactive coverage restriction is only on the adult population.

State responses to H.R. 1.

Since H.R. 1's passage, lawmakers in at least three states have acted to protect retroactive coverage: In response to their Medicaid department beginning the Section 1115 waiver process to significantly restrict retroactive coverage in the state (to the first day of the month of application),⁴⁵ lawmakers in **Nebraska** passed legislation to require the Medicaid department to provide the maximum amount of retroactive coverage allowable under federal law.⁴⁶ **Indiana** lawmakers have also introduced legislation that would require the Healthy Indiana Plan to provide at least 30 days of retroactive coverage (the state currently has no retroactive coverage for people enrolled in the state's ACA Medicaid expansion, with exceptions for pregnancy).⁴⁷ **California** lawmakers have gone a step further, introducing a bill that, if passed, would keep retroactive Medicaid available for 90 days and would provide state funding to cover the additional month(s) of retroactive coverage once H.R. 1's restrictions take effect in 2027.⁴⁸

Next steps for advocates:

- **Ensure states allow the *maximum* retroactive coverage permitted under federal law:** Advocates should work with lawmakers to protect retroactive coverage to support vulnerable, low-income residents and the health care providers who serve them. Where states already have retroactive coverage policies that go beyond federal restrictions, advocates should work with state policymakers to reduce these barriers to coverage.
- **Reduce paperwork burden for Medicaid applicants:** In anticipation of reduced retroactive coverage in 2027, advocates should work with state policymakers to reduce administrative hurdles to ensure that Medicaid-eligible individuals can enroll within tighter timeframes.
- **Protect low-income residents from medical debt:** New retroactive coverage restrictions put low-income consumers at greater risk of medical debt. Advocates can encourage their states to enact protections to safeguard health care consumers against medical debt.⁴⁹

Endnotes

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¹³ H.R. 1 gives states the option to cover up to 60 days of retroactive coverage for children enrolled in separate Children’s Health Insurance Program (CHIP) programs (state-designed children’s health coverage initiatives that operate independently of Medicaid rules). Prior to H.R. 1, retroactive coverage had not been an option for separate CHIP programs; States can now align their retroactive coverage policy for all Medicaid- and CHIP-enrolled children. Tricia Brooks and Joan Alker, “New CHIP Protections Are in Effect Now Despite Congressional Efforts to Eliminate Them,” July 24, 2025, Georgetown University McCourt School of Public Policy, Center for Children and Families, blog, <https://ccf.georgetown.edu/2025/07/24/new-chip-protections-are-in-effect-now-despite-congressional-efforts-to-eliminate-them/>.

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