Medicaid Toolkit: Part 3

Public Health Insurance for Families

ALLIES FOR CHILDREN

Overview: Public Insurance for Families & Upcoming Policy Changes

Publicly funded health insurance programs -- including Medicaid, Pennie (Pennsylvania's ACA Marketplace), CHIP (Children's Health Insurance Program), and Medicare – have created a vital public insurance safety net to protect millions of vulnerable populations, small businesses, and people with limited insurance options. These programs interact to cover individuals across different life stages, abilities, and income levels.

Recent and upcoming policy shifts will introduce substantial hurdles to accessing these programs for working families, small businesses, and healthcare systems. HR 1, also known as the "One Big Beautiful Bill Act," introduces program cuts and administrative rules set to impact the public health insurance landscape by January 2027. These changes will negatively impact the whole system, limiting care across the spectrum of Medicaid services available. Some key healthcare impacts of HR 1 include:

- 17 million Americans nationwide are projected to lose coverage. Across Pennsylvania, 310,000 people could lose Medicaid (including 26,000 in Allegheny County).
- Over $1 trillion will be cut from Medicaid over 10 years.
- The Medicaid Expansion population will face new work requirements and a doubling of administrative hurdles via six-month renewals (instead of annual).
- PA hospitals face an estimated $700 million in new uncompensated care costs, leaving 5 rural hospitals at risk of closure and increasing ER wait times for everyone.
- Federal coverage for adults will be strictly limited to lawful permanent residents, Cuban-Haitian entrants, and COFA migrants. Excluded immigrants will also be barred from purchasing Pennie plans starting January 2027.
- School-based healthcare services will be threatened (Medicaid is the 4th largest federal funding stream for schools). Administrative hurdles for parents often trigger a ripple effect, inadvertently causing children to lose coverage.

It is important to advocate for continued funding and monitor the impact of the new policies to keep children and families healthy, able to attend work and school, and live a quality life. Allies for Children will continue to work with partners and advocates, including those impacted by these changes, to urge the PA Department of Human Services (DHS) to mitigate the procedural harms of HR 1.

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Beyond Medicaid: Other Publicly-Funded Insurance for Families in PA

Across the United States, people of all incomes, ages, and backgrounds utilize publicly-funded or publicly-supported health insurance. These programs help make the rising costs of healthcare more affordable for low-income workers and others who otherwise couldn't afford the costs of their health care. Medicaid is one of the most essential of these programs, but other programs also contribute to controlling health care costs for all Americans, and offer free or low-cost insurance. In addition, children, families, older adults, and people with disabilities may utilize different programs at different times in their lives depending on their age, disability status, and income.

PENNIE MARKETPLACE INSURANCE, CHIP, AND MEDICARE

The Affordable Care Act (ACA) was passed in 2010 with the broad goal of making healthcare more affordable, and specifically with the option for states to expand Medicaid to cover all adults with income below 138% of the federal poverty level. In PA, we expanded our Medicaid program in 2015. You can learn more about Medicaid Expansion in **Section 1** of this toolkit.

The ACA Marketplace is an online platform to help compare affordable health insurance plans that provide essential coverage. The Marketplace is broadly managed on the federal Healthcare.gov site. Some states, including PA, manage their own sites and marketplace programs. In PA this is known as Pennie.

Prior to the ACA passage, about 15% of people in the US were uninsured. In recent years, the rate fell to a low of 8% – most of the improvements of the uninsured rate come from the ACA's Medicaid Expansion and the ACA Marketplace.

The ACA Marketplace has what's known as "Open Enrollment" when individuals, families, and small businesses can compare plans to help make their choice of insurance for the year. Open Enrollment is usually from November 1 to January 15, with coverage starting January 1 if the participant is enrolled by December 15. There are also Special Enrollment Periods, where special circumstances, such as losing Medicaid or CHIP coverage, will allow someone to enroll outside of the Open Enrollment period.

Medicaid Toolkit: **Public Health Insurance for Families**

The ACA also benefits those with private health insurance through consumer protections and rules. This includes:

- **Prohibiting health plans from denying coverage or charging higher premiums due to preexisting health conditions.**
- **Restricting the out-of-pocket costs individuals/families can incur for in-network care.**
- **Requiring preventive services to be covered with no out-of-pocket costs.**
- **Allowing young adult children to remain on their parent's health plan up to age 26.**

Small-business owners, small business employees, and entrepreneurs also utilize the ACA Marketplace. Before the ACA was enacted, small businesses and small business employees represented a disproportionate share of the working uninsured. After the ACA, many small businesses are able purchase coverage for their employees through a separate small business Marketplace. More than 5.7 million employees of small businesses or entrepreneurs are enrolled in the ACA marketplaces, and more than half of all ACA marketplace enrollees are small-business owners or employees, or self-employed individuals.

Since 2021, Enhanced Premium Tax Credits (ePTC) have reduced monthly insurance premium payments for millions of individuals and families that access marketplace insurance. The ePTC lowered the cost of healthcare for millions of families who participate in Marketplace Coverage. The ePTC was originally approved by Congress as part of the American Rescue Plan Act. The ePTCs increased the total amount of tax credits for lower income earners, while making middle-income earners newly eligible for credits. The ePTCs expired at the end of 2025, which means that most enrollees now face higher premium costs, including some who are not eligible for subsidies and cost-sharing reductions, including caregivers, small business owners, working families, and 50-64 year olds who don't yet qualify for Medicare.

Although the data and resulting impact of the ePTC expiration won't be known until the summer of 2026, the ePTC expiration is already impacting the healthcare system and enrollees. It's projected to lead to out-of-pocket premiums for Marketplace enrollees increasing by an average of more than 75%: insurers fear healthier participants are likely to drop coverage, which in turn, increases underlying premiums for all participants. According to an early KFF survey and analysis and initial open enrollment data, this has caused one in 10 enrollees to drop Marketplace coverage and become uninsured, and many who maintained coverage had to switch to less comprehensive plans or cut other expenses to afford coverage. Another KFF survey found that lower-wage workers are more likely to go without health insurance due to challenges with access and costs. Early estimates have found that 120,000 Pennsylvanians have cancelled their 2026 health insurance since November. Along with the HR 1 changes to Medicaid and SNAP, which will be detailed later, the ending of the ePTCs is a big hit for working families.

Medicaid Toolkit: **Public Health Insurance for Families**

As previously mentioned, in certain states, including Pennsylvania, CHIP provides low-cost health coverage to children and pregnant women in families that earn too much money to qualify for Medicaid. No child makes too much for CHIP in PA, but some qualify for free CHIP, while some can utilize subsidized CHIP, and others qualify for full-cost CHIP. Low cost CHIP includes small, sliding scale premiums, co-pays, and deductibles, whereas full-cost CHIP involves premiums, co-pays and deductibles comparable to good quality private insurance. This allows working class families of all incomes to benefit from CHIP for their children's insurance. State CHIP works closely with its state Medicaid program, and as of 2 years ago, Medicaid and CHIP systems are integrated in PA, which simplifies the enrollment process for families. Still, it can be confusing for families with parents enrolled in Medicaid or Pennie to be clear on which program their child(ren) are eligible for, because in some cases the cheapest and most comprehensive coverage for the child may differ from the caregiver. For example, the parent may not qualify for Medicaid, but the child might be eligible for Medicaid or no-cost CHIP. Based on 2025 data, fifty-one percent of children enrolled in Pennie are financially eligible for Medicaid or free or low-cost CHIP.

MORE THAN 1.3 MILLION CHILDREN

or ***nearly half of all children*** in Pennsylvania
are enrolled in **Medicaid** or **CHIP**

Medicaid and Medicare, which are sometimes confused for one another, do overlap in some ways. Medicare is the federally-funded health insurance program for people over 65 and some disabled people. Around 12 million low-income seniors and people with disabilities — known as "dual eligibles" — were enrolled in both Medicare and Medicaid in June 2025. This essentially means that Medicare covers some of their medical needs while Medicaid covers others. For example, Medicaid can help with cost sharing by covering premiums, co-payments and deductibles, while Medicare covers acute care (doctors, hospitals).

One big way that the income eligibility process can challenge enrollees the most is when they move out of Medicaid, and onto CHIP or Pennie (or vice versa), due to small income fluctuations that change eligibility at the time of renewal or enrollment. This happens more often for people who have variable work schedules, which might make them eligible for different programs from year-to-year, especially when they are right on the cusp of the income eligibility range. This can result in gaps in health insurance coverage, which can have negative effects on the individuals, such as delayed or interrupted care, as well as impacts on the large health system, such as uncompensated care. The key to healthcare access for individuals in these circumstances is ensuring that program policies allow for a smooth transition from one program to the next, avoiding gaps in coverage and care.

LEARN MORE:

- Learn how to sign up for **Medicaid** and **CHIP** here
- Learn how to sign up for **Pennie Marketplace Insurance** here
- Learn more details about **eligibility** and **guidelines** here, here, and here.

Beyond Medicaid: Other Publicly-Funded Insurance for Families in PA

In the summer of 2025, Congress passed, and the President signed, HR 1, also known as the One Big Beautiful Bill (OBBB). Estimates find that 17 million Americans will lose coverage under this bill, including seniors, veterans, children and people with disabilities. Governor Shapiro's administration estimates that 310,000 could lose Medicaid coverage statewide with Allegheny County's projected loss at 26,000 Medicaid enrollees.

Researchers from Harvard and the University of Pennsylvania have estimated that the OBBB cuts could be fatal for more than 50,000 people yearly, including the death of 18,200 individuals eligible for Medicaid and Medicare due to coverage loss, 20,000 people due to Affordable Care Act changes, and 13,000 due to nursing home staffing cuts.

Estimates predict coverage losses will be significant for low- and middle-income families. HR 1 will cut Medicaid by more than $1 trillion over a 10 year period, which is the largest cut to the program in its history. Millions of people on Medicaid will become uninsured due to the policy changes in the bill, such as work certification requirements and biannual renewals for the Medicaid Expansion population.

Medicaid Toolkit: **Public Health Insurance for Families**

Coverage losses are more likely for the Medicaid Expansion population. Under HR 1, the expansion populations will have new work requirements (also known as community engagement requirements) and will need to redetermine their eligibility every six months rather than once a year. Overall, this will create additional administrative hurdles, which will impact participants directly by creating barriers to participation, and will also burden states with implementing significant changes in a short time span, which will stretch state workers thin and cost states money to implement, as well as increase the chances of disenrollment of participants due to procedural errors. There will be notable exemptions to work requirements, including those who are parents, guardians, or caregivers of a child under 14 or caregivers of a person with a disability, and those who are deemed "Medically frail" or have special medical needs. These two policies are slated for implementation in January 2027.

As previously discussed, Medicaid is a state-federal partnership, and several provisions in HR 1 will make it more challenging for states to draw down on the matching funds, as well as limit the way states fund Medicaid. Cuts will impact Medicaid Expansion states, like Pennsylvania, more. These cuts will have an impact on hospitals, especially rural hospitals, which already operate on razor thin margins, and often rely heavily on Medicaid for financing.

Medicaid cuts are also likely to increase uncompensated care – also known as medical debt – which will impact individuals – no matter the type of insurance they have – and hospital systems. Pennsylvania hospitals will be faced with an estimated $700 million in new uncompensated care costs and those who can't pay will be left with medical debt. According to estimates, this leaves 5 hospitals at-risk of closing/scaling back services in Pennsylvania – all 5 of these are rural. Coverage losses mean Pennsylvanians are more likely to avoid care until a medical issue becomes an emergency or results in complications, resulting in over 2,000 preventable deaths in PA each year, as well as longer ER wait times for everyone seeking care.

There will also be an impact on adult immigrants through limiting access to coverage. Broadly, only lawful permanent residents (LPRs), Cuban-Haitian entrants, and individuals residing under the Compacts of Free Association (COFA migrants) will be eligible for federally-funded coverage. This means that many adult refugees and asylees will now have to wait to qualify for Medicaid. Children and pregnant adults are exempt from this change. Immigrants who lose coverage due to the new law also won't be able to get ACA Marketplace Insurance (Pennie) starting in January 2027.

Research shows Medicaid enrollment supports student success. Medicaid is the fourth-largest federal funding stream for schools. Currently, Medicaid plays a huge role in funding school-based healthcare services and supports more than $7.5 billion in school health services each year. The bill's provisions related to Medicaid and SNAP renewals for parents are likely to have ripple effects on young children and K-12 students.

Medicaid Toolkit: **Public Health Insurance for Families**

Medicaid-eligible parents of some school-age children will need to provide work requirements for the first time and will be subject to the Medicaid Renewal process every six months, which is likely to impact Medicaid coverage not only for the parent, but could have an indirect impact on the child. When parents are insured, their child is more likely to have insurance. Advocates should encourage school districts to maximize their utilization of Medicaid funding and push Pennsylvania to strengthen their school-based Medicaid program to protect and improve school-based health services. Learn more about advocating for school-based Medicaid here.

Expansion states, including PA, are likely to be more impacted by HR 1, due to the work requirements and frequency of redeterminations, as well as the cost-sharing provisions. Reduced federal funding for these programs will inevitably impact the state budget, and could lead states to limit eligibility for these benefits. States and school districts use benefit programs to provide automatic eligibility for programs like school lunches, and for states like PA that offer free lunch, this triggers the federal reimbursement to help fund free meals.

Meeting children and families' basic needs – such as medical care, mental health services, and nutritional needs – helps them stay healthy enough to work, go to school, and thrive. These policies will result in expense increases for working families and small business owners, particularly with cost of living skyrocketing across the board. Eliminating healthcare coverage and taking food away from millions of working families risks making our country sicker and increasing the medical debt of hard-working families and the uncompensated care hospital systems take on.

If you want to learn more about how ready Pennsylvania and other states are to implement HR 1 policies, see here.

Allies for Children will continue to advocate for maximizing Medicaid dollars and providing clear communications to Medicaid participants. As this bill is implemented, the impact to the larger community will become clearer. Allies for Children is working with statewide partners to encourage PA DHS to mitigate the harm of HR 1 policies as much as possible. Learn more about the HR 1 Medicaid provisions here.

ALLEGHENY COUNTY MEDICAID FAST FACTS:

- By 2034, approximately ***22,200 people*** in Allegheny County are projected to lose coverage due to work requirements from HR 1
- In 2025, ***approximately 36% of kids*** in Allegheny County were enrolled in Medicaid
- By 2034, Allegheny County will ***lose a projected $3.8 billion*** in Medicaid funding from policies in HR 1

Source: Pennsylvania Partnerships for Children

What Can Individuals Do to Help?

The fight is not over: there will be opportunities to keep pushing to protect Medicaid, and your voice will be essential! These opportunities will shift overtime, so follow advocacy organizations that cover this issue to stay up-to-date. For example, there are currently talks of bills that could further harm Medicaid, and there may be opportunities to roll back HR 1 policies or advocate for the least-harmful rules during implementation. Those who are being impacted by this issue are absolutely necessary in this advocacy in order for policymakers to understand the real life impact and put faces to the data. Sharing your story about how Medicaid, CHIP, or the ACA has helped you or the people you serve can be a powerful way to advocate and shift mindsets.

Other ways you can help:

- PA DHS Substack
- Follow Allies for Children's Bold Voices Blog and sign up for our Newsletter
- Learn more about Medicaid advocacy opportunities here, here, and here
- Follow knowledgeable organizations on social media or sign up for their newsletters
- Complete our advocacy survey to learn more about how you can engage!