Medicaid and H.R. 1: Impacts on Children and Strategies to Protect Kids' Health Care

Medicaid and the Children's Health Insurance Program (CHIP) are the cornerstones of health insurance for millions of children and families.

Medicaid has a long history of supporting families to be healthy and heal together when there has been violence, abuse or neglect. For instance, Medicaid recognizes the importance of treating parents and young children together to improve mental health and the parent-child relationship. 38 states pay for dyadic treatment, and 17 states pay for group parenting classes.

Medicaid is also essential for supporting kinship and adoptive families. Approximately one third of children in foster care are in kinship care with a relative or other adult with whom they have a meaningful relationship. These caregivers often have limited financial means, and Medicaid ensures families can access needed health services for their children who have experienced significant trauma. Additionally, children with special needs adopted from foster care receive Medicaid. Adoptive families rely on this comprehensive access to keep their families stable and healthy.

Medicaid covers:

- Nearly half of all children in the U.S.;
- More than 40 percent of all births,
- Nearly half of children with special health care needs; and
- Nearly all children in foster care.

New Legislation Will Bring Major Changes and Funding Cuts

In July 2025, Congress passed, and the President signed into law a budget bill, H.R. 1/One Big Beautiful Bill Act (OBBBA). This law includes massive changes to our health care system, including a roughly $1 trillion reduction in the federal government's contribution to Medicaid over the next ten years. While these provisions go into full effect starting in 2027, states are already planning for what this means and will begin rolling out new policies as soon as next year.

H.R. 1 cuts federal funds to states for Medicaid by:

- Changing some ways state financing works;
- Eliminating eligibility for certain legal immigrants, including U and T Visa holders; and
- Implementing burdensome administrative and work requirements.

These policies will result in less federal money to states to cover health care costs and an increase in the number of people who are uninsured. Importantly, there are no policy changes in H.R. 1 that *directly* impact children's access to Medicaid. But this doesn't mean kids' coverage is safe. In fact, children and their families are very much at risk of losing coverage and/or access to the services that they need.

Challenge: Big state Medicaid budget holes

H.R. 1 cuts a huge amount—nearly $1 trillion—of federal money from Medicaid. All 50 states plus DC will suddenly have huge budget holes where the federal funding used to be. But health care needs and spending do not go away. The need is still there, but the money isn't.

States will be faced with difficult choices to simply maintain their existing health care commitments, including:

- Finding additional revenue in their state budget by cutting other state programs and shifting that money to Medicaid;
- Raising taxes; or
- Reducing Medicaid costs by reducing already too-low provider reimbursements, changing the available benefit package, or changing eligibility so that fewer people are enrolled in the program.

Again, none of these are good options and all could deeply affect children's ability to get care, but it is why advocacy will matter so much in the upcoming years.

Challenge: Uninsured parents = kids uninsured

Many of the policies in H.R. 1 impact adults, such as imposing monthly work/community engagement requirements that force people to prove they are working, attending school, or volunteering for at least 80 hours a month to maintain their health insurance.

The Congressional Budget Office (CBO) estimated that this policy alone will lead to 5.2 million adults losing coverage. There are federal exemptions from these requirements for certain groups, such as pregnant people and parents of children under age 13, but they are mandatory and non-waivable in all states with Affordable Care Act Medicaid expansion (40 states and DC) plus certain states that use waivers (Wisconsin and Georgia). These requirements can be particularly difficult for individuals navigating violence or trauma—even if they are working—as they add a burden of complex paperwork and reporting rules.

H.R. 1 also changes federally-funded Medicaid eligibility for *lawfully* present immigrants. (People who are undocumented are not eligible for federal Medicaid.) Starting in October 2026, the only immigrants who will be eligible for Medicaid will be legal permanent residents (after a five-year or longer waiting period), Cuban-Haitian entrants, COFA migrants, and lawfully residing children and pregnant people in states that opt to provide coverage for them. U.S citizen children are eligible for coverage through Medicaid regardless of their parent or caregiver's immigration status.

The research is clear—when parents and caregivers do not have health insurance, children are less likely to be insured. As the policies in H.R. 1 are implemented, children will lose coverage. The impact of this will be profound: children of immigrants comprise 1 in 4 of all U.S. children. In some states, such as California, the number is even more stark: 1 in 2 children in the state has at least one immigrant parent.

Advocacy strategies

Over the next months and years, children's advocates—which includes anyone who works on or cares about children's health and well-being—need to work to strengthen and support children's access to Medicaid.

When passing H.R. 1, Congressional leadership repeatedly assured advocates that this legislation would not impact children or children's coverage. What's more, there has been historical bipartisan support for keeping children insured. This very public political accountability is a starting point for education and advocacy—and for getting state and local policymakers to hold other elected officials accountable.

Visit our website for additional information on how providers and advocates can ensure children continue to receive Medicaid coverage and services they are entitled to.

For other information about EPSDT, visit: www.medicaid.gov/medicaid/benefits/early-and-periodic-screening-diagnostic-and-treatment

1. Advocates should specifically work to ensure that children's eligibility is not cut and that there are no reductions in the benefits package. This includes making sure that all the places where children receive care are able to participate in Medicaid. For example, it will be important to ensure that school-based Medicaid services—like school nurses and school psychologists—do not experience cuts.

2. Advocates should pay attention to provider rates to make sure that there is a strong pediatric and adolescent health care network available to children for the services they need, when they need them. A health insurance card is not enough—the providers must be there to serve them. This means appropriate payment and holding states and Medicaid managed care plans accountable for payment rates and access.

3. Advocates must work across generations to ensure that adult coverage is restored and maintained. This should include making work requirements as flexible as possible and easy to negotiate so that parents and caregivers can maintain their health insurance.