

Impact of Federal Changes, Medicaid and SNAP

MEGAN BAILEY | OFFICE OF THE STATE ECONOMIST
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

CEFC / RFC RETREAT
SEPTEMBER 8, 2025

Background:

Congress passed [H.R. 1 Budget Reconciliation](#) on July 3, 2025 and it was signed by the President on July 4, 2025. The legislation included a number of provisions related to Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

Changes to the following will have a significant impact on these programs in Maine:

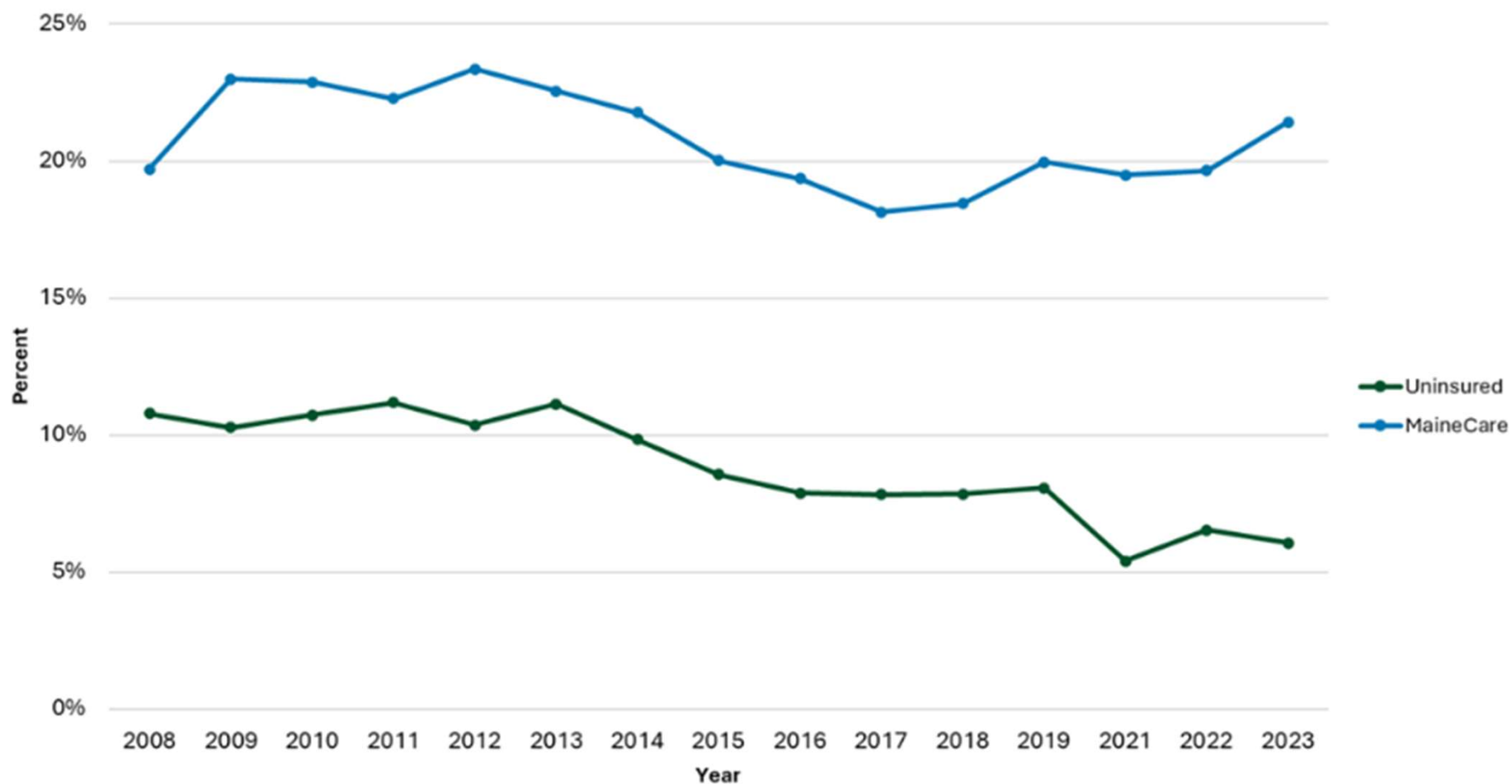
- **Populations eligible** for the programs
- Enrollment and eligibility **processes**
- **Benefit levels** for participants
- **Program financing** changes, restrictions, and cost shares
- **Increased financial exposure** for states for payment errors

Maine Department of Health and Human Services released a [summary of anticipated impacts](#) for Maine on July 11, 2025

Medicaid (MaineCare):

- **Enrollment:** As of April 2025, approximately 393,000 Maine people had MaineCare coverage (30% of Mainers)
 - 140,000 children
 - 184,000 adults age 21-64
 - 64,000 adults age 65+
- **Funding:** \$4.7 billion annual budget (\$3.0 billion federal, \$1.7 billion state). Cost share varies by coverage population, with highest federal contribution for the low-income adults covered through MaineCare expansion (90% federal)
- **Services:** includes hospital care, community-based services, prescription drugs, long-term care facilities, mental health and substance use treatment, physician services, and more

MaineCare Enrollment and Uninsured Rates from 2008-2023



Source: Maine Department of Health and Human Services, "Celebrating 60 Years of Medicaid: MaineCare's Impact on Maine, July 30, 2025

Key Changes:

Change	Date	Anticipated Impact
One-year prohibition on federal payments for certain family planning agencies	7/4/2025	<ul style="list-style-type: none"> Impact coverage for around 5,900 MaineCare members receiving services from these agencies
Moratorium on new or increased provider taxes (with some exceptions)	7/4/2025	<ul style="list-style-type: none"> Limit revenue used to fund state portion of MaineCare (Provider taxes currently make up 12% of state funding) Reduction in federal match funds Estimated combined impact of \$3 Billion over a 10 year period
Coverage changes for certain legally-present immigrant groups	10/1/2026	<ul style="list-style-type: none"> Elimination of coverage for 3,000 adult members
New work requirements for around 90,000 adult enrollees in the Medicaid Expansion population and other eligibility changes	12/31/2026	<ul style="list-style-type: none"> 31,000 disenrollments in the first year Reduced revenue for healthcare providers (current spending on this population is \$329M to hospitals, \$70M to physicians and FQHCs, \$50M to behavioral health, \$218M pharmacy) Increased state administrative costs (~\$8M in 2027)

Key Changes (continued):

Change	Date	Anticipated Impact
Other eligibility changes (increased frequency of eligibility checks, limits to retroactive coverage)	12/31/2026	<ul style="list-style-type: none">• Increased churn/disenrollments• Greater uncompensated care costs for health providers
Payment error rate penalties for states that exceed a 3% threshold (national error rate is currently 5-6%)	10/1/2029	<ul style="list-style-type: none">• Maine's current error rate would not result in penalties, but if it were to perform at national average, it could face penalties of nearly \$64 million/year

Supplemental Food Assistance Program (SNAP):

- **Enrollment:** As of February 2025, approximately 177,000 Maine people received SNAP benefits (about 13% of Mainers)
- **Current Funding:**
 - \$356 million of benefits to participants (100% federal)
 - \$27 million in administrative costs (split 50/50 between state and federal funds)
- **Economic Impact:** According to the USDA, each \$1.00 in SNAP spending generates \$1.54 in local economic activity, or about \$548 million annually for Maine.

Key Changes:

Change	Date	Anticipated Impact
Eliminates SNAP Education Grant	9/30/2025	<ul style="list-style-type: none"> Loss of \$4.8 million annual grant to deliver nutrition education to ~19,000 youth and ~3,000 adults
Reduction in benefits due to changes to the USDA thrifty food plan	TBD, as soon as Fall 2025	<ul style="list-style-type: none"> Cuts to benefits for the average household of around \$26/month
Expanded work requirements and removal of some exemptions to work requirements	TBD, as soon as Fall 2025	<ul style="list-style-type: none"> Will affect over 40,000 current SNAP recipients
Elimination of eligibility for refugees and other lawfully present non-citizens and other eligibility changes related to non-citizens in SNAP households	TBD, as soon as Fall 2025	<ul style="list-style-type: none"> Eliminate eligibility for more than 2,000 recipients
Increased state cost-sharing for administrative costs and up to 15% of benefit costs depending on payment error rate	October 2026 (admin), October 2027 (benefit costs)	<ul style="list-style-type: none"> Increase Maine's SNAP obligation by around \$60 million annually by federal fiscal year 2028