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Reshaping Medicaid: Considerations for Monitoring the Impact of H.R.1

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The budget reconciliation bill (H.R.1) signed into law on July 4, 2025, includes the largest overhaul to the Medicaid program since the Affordable Care Act was signed into law in 2010. Specifically, H.R.1 directs extensive changes to eligibility and enrollment, including mandatory work reporting requirements, more frequent redeterminations, and restricted eligibility for non-citizens. The legislation also includes various funding and financing changes such as new limitations on both provider taxes and state directed payments. State officials and the Congressional Budget Office (CBO) project that H.R.1 will result in significant coverage losses, strain state budgets, increase administrative burden for Medicaid enrollees and agency staff, and increase uncompensated care for providers.

To understand the impacts of H.R.1, it is imperative that state officials develop a monitoring strategy. Although federal authorities have not yet released any specific evaluation plans, the Medicaid and CHIP Payment and Access Commission (MACPAC) recently noted a strong consensus among stakeholders for transparent oversight, and states are well positioned to take on that roll. This issue brief outlines the strategic case for investment in monitoring, provides a phased action timeline for states to implement monitoring activities, and details potential priority monitoring domains. Future SHVS products and toolkits will offer more detail and practical steps to support monitoring (e.g., templates for data collection and draft survey tools).

The Case for Immediate Action: Invest in Monitoring Now

H.R.1 makes sweeping changes across the Medicaid program, including major shifts in enrollment, eligibility, expenditures, and operations. As states navigate the complex logistics of rollout within an aggressive timeline, there is a natural risk that the urgent demands of implementation could obscure the attention needed for monitoring. However, given the high level of interest expected from policymakers, advocates and the media in the impacts of these policy changes, states that invest in monitoring now will be better positioned to:

- **Lead the Narrative:** Medicaid agencies must be prepared to ground their stories in transparency and accountability. Investing in monitoring gives states credible evidence to highlight intended successes, identify unintended consequences, and distinguish between impacts driven by federal policy design versus state implementation choices.
- **Secure Critical Baselines:** States that invest in monitoring before making eligibility system changes will ensure that they have a baseline comparison for the future. Once eligibility systems change, producing baseline metrics becomes significantly harder. Without a pre-change

baseline, states may be left with post-implementation outcomes they cannot accurately explain or contextualize.

- **Optimize Information Technology (IT) Builds:** Identifying priority metrics during initial IT build discussions is far more efficient than submitting system change requests after it is already built. Early planning can help transform monitoring from a technical burden into a seamless part of the infrastructure.
- **Accurately Assess Costs:** Delaying data collection design makes it difficult to track start-up and implementation costs as time passes. Immediate action ensures financial impacts are tracked accurately from day one.
- **Leverage Cross-Agency Data:** Many policy impacts (e.g., employment outcomes or churn between programs) can only be understood by combining Medicaid data with other data, such as employment or Supplemental Nutrition Assistance Program data, from sister agencies. Establishing these partnerships now ensures the necessary legal agreements and data exchanges are ready when implementation begins.
- **Align With Other State Initiatives:** States can maximize their resources by integrating H.R.1 monitoring within existing feedback loops. This includes coordinating directly with Medicaid enrollees, for example through state Beneficiary Advisory Councils, to gather real-time feedback on monitoring goals. States should also seek to align metrics with other elevation plans included in states' Rural Health Transformation Programs to avoid duplication of effort.
- **Enable Course Correction**: Proactive monitoring allows agencies to identify friction points in real-time. By using data to illuminate emerging problems early, states are better positioned to adjust policies or refine processes before challenges escalate.

Monitoring Principles and Action Steps

There is no single correct approach to monitoring. For example, some states may choose to focus specifically on documenting the impacts of a specific policy, such as work reporting requirements. Others may take a population-specific approach, analyzing how the combined weight of multiple provisions, such as work reporting requirements, premium changes, and redeterminations, affect a specific group. Alternatively, some agencies may limit evaluation to areas where they have existing data streams, while others might invest in an external evaluator to support new data collection across a broad range of topics. Regardless of the scope, initiating these plans *now* is critical to both meeting immediate needs and building the evidence base necessary to assess the full impact of federal policy changes.

While there is no single correct approach to this work, there are some key action steps that leadership can take in order to create a strong foundation for monitoring and evaluating impacts, successes, and challenges of implementing this H.R.1. Medicaid leadership should start by assigning a monitoring/evaluation lead to spearhead two critical efforts: partner engagement and capacity assessment. This lead should collaborate with enrollees, policymakers, providers, and advocates to identify key monitoring goals drawing on metrics suggested in the *Areas of Expected Impact* section below. Concurrently, the lead should examine the state's institutional capacity to carry out monitoring activities, including identifying accessible data streams, evaluating the current research workforce, and exploring ways to maximize efficiency by leveraging existing infrastructure and cross-agency partnerships.

Crucially, this planning should also consider the disproportionate effects these policies may have on specific groups of interest such as children, people with disabilities, non-citizens, people of color, or rural residents. To facilitate this, states should prioritize the collection and analysis of disaggregated data in monitoring plans broken down by geography, age, gender and sex, race and ethnicity, and disability status. States should compare these findings against established baselines. By monitoring these trends over time, states can ensure that existing disparities are not widening and can more effectively target outreach.

The following timeline outlines critical action steps states can take to establish a robust monitoring strategy (Figure 1).

Figure 1: Action Steps for Monitoring H.R.1 Implementation

Immediate Action

- ✓ Assign a monitoring/ evaluation lead.
- ✓ Gather stakeholder input and define monitoring goals.
- ✓ Evaluate state capacity to conduct monitoring/evaluation.
- ✓ Create data collection and data sharing plans.
- ✓ Establish partnerships with universities or external evaluators, if applicable.
- ✓ Begin tracking and reporting Priority 1 impact areas that align with state goals (see below).

Early Policy Implementation

- ✓ Establish baseline measures for key outcomes.
- ✓ Build or refine data-sharing agreements with managed care plans, vendors, and other state agencies.
- ✓ Begin reporting Priority 2 impact areas that align with state goals (see below).
- ✓ Create dashboards or reporting tools to support ongoing monitoring.

Post-Implementation

- ✓ Begin reporting Priority 3 impact areas that align with state goals (see below).
- ✓ Create a communication plan that supports common language, metrics, and a standard data release timeline.

Areas of Expected Impact

The forthcoming Medicaid policy changes in H.R.1 are expansive and likely to impact the program in many ways. Below are high-level lists of potential impact areas that states could consider monitoring. While all of these areas of impact are important, states will need to prioritize to ensure their monitoring plans are manageable and realistic; to help with prioritization, the impact areas are listed from short- to long-term priority, with more immediate impacts listed as Priority 1, intermediate impacts of experience and access as Priority 2, and long-term, future impacts like health outcomes and economic impacts listed in Priority 3 (see Figure 2).

Figure 2. Priority Impact Areas to Document the Impact of H.R.1 on Medicaid

Priority 1: Immediate Impact Areas	Priority 2: Intermediate Impact Areas	Priority 3: Long-Term Impact Areas
• Implementation/ administrative costs • Sentinel metrics (e.g., enrollment and coverage, uncompensated care, unfilled prescriptions, emergency department usage for non-emergent conditions)	• Enrollee administrative burden • Provider impact • Access to care	• Health outcomes • Economic and financial indicators • Distribution of health insurance coverage

Priority 1: Immediate Operational and Coverage Impacts

These areas represent the frontline of policy implementation. Monitoring these types of impacts focuses on real-time operational functionality and the immediate effect of eligibility changes on the covered population. Disaggregating this data allows states to determine if policies are driving cyclical coverage gaps and whether any new barriers are disproportionately affecting specific populations.

- **Enrollment and Coverage Metrics:** States should leverage existing Centers for Medicare & Medicaid Services and unwinding-era reporting to track how H.R.1 affects coverage rates. Early metrics states could consider monitoring include call center metrics (e.g., call volume, wait times, abandonment rates), appeals data, application processing times, and renewal rates. States could also add policy-specific indicators, such as the number of expansion adults subject to work reporting requirements and coverage denials tied to those rules (Georgetown University's Center for Children and Families has posted a draft list of work reporting performance metrics that states could use as a starting point). Additionally, tracking both churn (e.g., the percentage of members who lose coverage and re-enroll within 60 days) and demographic shifts is critical to understanding the effect of frequent redeterminations and work reporting requirements. To promote transparency, states should consider releasing this information on an ongoing basis (ideally monthly) through a public dashboard or a regular series of reports.
- **State Implementation/Administrative Costs:** Tracking the state administrative workload required for implementing H.R.1 is essential for anticipating resource needs, justifying budget adjustments, and providing a full accounting of the impacts of these policy changes. Key cost drivers to consider monitoring include: staffing (e.g., hiring, training, overtime, and reassignment); IT system modifications and maintenance; outreach and marketing; contractor and vendor costs (e.g., updates to managed care agreements); and legal and compliance activities.
- **Sentinel Metrics:** Some metrics can serve as early warning signs of negative impacts, because they are likely to see changes before larger trends become obvious. Some of these types of metrics include:

- **Uncompensated Care and Safety Net Stability:** Rising levels of uncompensated care and financial distress among safety-net facilities can signal that changes in payer mix or funding streams are destabilizing the provider network.
- **Prescription Fill Rates:** Sudden drops in medication fill rates provide real-time evidence of coverage disruptions—an indication that enrollees may be losing access at the point of care.
- **Emergency Department (ED) Usage for Non-Emergent Conditions:** Increases in ED utilization for conditions treatable in primary care settings can signal that coverage gaps or administrative barriers are impeding access to routine services.

Priority 2: Enrollee Experience, Access, and Provider Network Impacts

Following implementation, states should prioritize indicators that measure the enrollee experience, the continuity of patient access, and the operational stability of providers. Disaggregating this data by geography (e.g., tracking trends at the county, zip code, or regional level) allows states to pinpoint specific communities where coverage gaps or provider strain are most concentrated.

- **Enrollee Administrative Burden:** More frequent eligibility checks and new documentation requirements will increase burden on enrollees. While data points like call center volume and procedural disenrollment rates offer early warning signals, assessing the full impact of these policies will require direct engagement with enrollees. Surveys and focus groups can help states identify specific challenges enrollees face regarding new documentation requirements and electronic systems.
- **Provider Impact:** Monitoring provider stability, particularly for safety-net providers, is crucial to identify emerging financial pressures that could result from these policy changes. In addition to rising levels of uncompensated care (one of the recommended early warning sentinel metrics), states could also track bad debt (i.e., debt that is unlikely to be collected), provider participation rates, operating margins, facility closures, and costs related to services previously covered by retroactive Medicaid.
- **Access to Care:** To detect disruptions in care, states can use claims data (and All-Payer Claims Databases, where available) to monitor utilization trends for preventive and specialty services, such as primary care and dental visit rates, preventive screening rates, and continuity of care. States could also consider monitoring appointment wait times through secret shopper surveys (which are required under the final Medicaid and Children's Health Insurance Program Managed Care Access, Finance, and Quality Rule) as well as provider acceptance rates through provider directory audits.

Priority 3: Long-Term Health and Economic Outcomes

These are the downstream consequences of H.R.1. Priority 3 impact areas can help in evaluating whether H.R.1 is achieving its stated goals (e.g., workforce participation) or causing unintended harm (e.g., worsening health outcomes, financial instability). To ensure these outcomes are understood in context, states should disaggregate this data to identify whether certain areas or specific populations are bearing a disproportionate share of these long-term impacts.

- **Health Outcomes:** In the longer term, policy changes could be reflected in measurable health outcomes. Monitoring should focus on both Medicaid enrollees directly affected by the policy changes (with particular attention to individuals who may be unintentionally impacted, such as those with a self-reported disability who do not qualify for Medicaid through a disability related eligibility pathway) and the broader population. Key metrics states could consider tracking include mortality, premature death, overall health status, control of chronic conditions, fatal or non-fatal overdoses, potentially preventable hospital stays, or emergency department visits for affected populations. Tracking these outcomes is critical for identifying emerging risks or changes in disparities**.**
- **Economic and Financial Indicators:** Medicaid represents a substantial share of state budgets and healthcare spending; it is a major driver of both local economic activity and household financial stability. Tracking how Medicaid's share of state spending changes over time, whether financial pressures shift to counties or safety net providers, and how disenrolled individuals fare in terms of out-of-pocket costs, medical debt, or bankruptcy risk will help illuminate the fiscal consequences of the statute. In addition, given the central role of work reporting requirements and related policy goals in H.R.1, states may want to track measures such as referrals to and enrollment in workforce development or technical education, as well as documented community service hours. Longer-term examination could include analysis of employment patterns among affected populations, including job stability, earnings, and labor force participation, as well as educational outcomes and the administrative impact on community partners.
- **Distribution of Health Insurance Coverage:** Monitoring the statewide mix of coverage types (e.g., Medicaid, Marketplace, employer-sponsored, and uninsured) will allow the state to distinguish between positive coverage transitions (where enrollees move to private coverage from Medicaid, for example) and net coverage losses. This data helps the state evaluate whether former Medicaid enrollees are successfully bridging to private coverage consistent with the statute's stated goals, or if the policies are creating a gap that increases the uninsured population.

Conclusion

H.R.1 represents a complex and far-reaching overhaul of Medicaid with immediate implications for state budgets and healthcare access. State agencies are uniquely positioned to document these impacts, ensuring transparency for policymakers and the public.

By pairing real-time early warning data with long-term outcome analysis, states can link observed trends, such as coverage loss, directly to specific policy drivers. Ultimately, a robust and standardized monitoring strategy creates the necessary record to understand the true fiscal and human costs of these changes as they unfold. To support these efforts, SHVS will continue to provide additional guidance and practical frameworks to help states operationalize their monitoring goals.

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ABOUT SHADAC

This issue brief was prepared by Elizabeth Lukanen and Emily Zylla. The State Health Access Data Assistance Center (SHADAC) is an independent, multidisciplinary health policy research center housed in the School of Public Health at the University of Minnesota with a focus on state policy. SHADAC produces rigorous, policy-driven analyses and translates its complex research findings into actionable information for states. Learn more at www.shadac.org.