

https://www.statehousenews.com/news/healthcare/guidance-stirs-fear-of-larger-health-insurance-losses/article_f84f3341-9665-4844-a190-d8c10138f96b.html

Guidance stirs fear of larger health insurance losses

Attorneys general sue Trump administration over 'unlawful' implementation of work requirement

Alison Kuznitz

Jun 29, 2026



New MassHealth chief Ryan Schwarz, second from left, and Health and Human Services Secretary Kiame Mahaniah, right, participate in a press conference about the Community Living Initiative on Monday, June 29, 2026.

STATE HOUSE, BOSTON, June 29, 2026.....State health officials said Monday that projected insurance coverage losses linked to the federal One Big Beautiful Bill Act could exceed previous estimates and are cautioning that more Bay Staters could be in jeopardy of losing their MassHealth insurance, an outcome Attorney General Andrea Campbell tried to prevent in a new multistate lawsuit filed Monday.

State officials and health policy experts have long estimated the shifting federal eligibility criteria could cost up to 300,000 people their insurance coverage through MassHealth and the Massachusetts Health Connector.

In their bid to mitigate coverage losses that could result from new work requirements and more frequent eligibility checks, MassHealth leaders say they're working to automatically enroll and verify as many members as possible. Asked how the scale of coverage losses could be reduced with those efforts, Health and Human Services Secretary Kiame Mahaniah said Monday that the 300,000 figure represents somewhat of a best-case scenario for the state.

"I think that's the number that we get to when we've already implemented — like without the efforts that MassHealth has done, we'd be talking about double that number, triple that number," Mahaniah told the News Service after an unrelated State House event.

MassHealth chief Ryan Schwarz said the number may increase based on lengthy federal guidance released on June 1 for implementing the Medicaid work requirements and exemptions. States are now scrambling to interpret the interim final rule from the Centers for Medicare and Medicaid Services before the law's provisions take effect in January.

"I think we'll potentially further question that 300,000 number and make it even more challenging for us to get to 300,000," Schwarz told the News Service. "Coverage loss may be higher in states than we previously understood, given the change in direction from CMS in the IFR."

Schwarz said "multiple aspects" of the guidance represent a "departure from what the federal government had advised states previously."

"We are working rapidly to ensure that we are able to do our best to still implement with the most robust integrity, and as Kiame was saying, get that number down as low as possible — as many people as possible approved on the backend with databases that they are not needing to submit new information," Schwarz continued.

Campbell led a coalition of 26 states on Monday in suing the Trump administration over the "unlawful" implementation of Medicaid work requirements embedded in the federal guidance. The complaint argues the CMS policies would "make it significantly harder for vulnerable individuals to qualify for exclusions from the Medicaid work requirements and harder to maintain Medicaid coverage," Campbell's office said.

"Congress made clear that people with serious medical conditions should not lose coverage," Campbell said in a statement. "We are asking the court to block these unlawful provisions to protect Medicaid recipients and prevent needless strain on Massachusetts' healthcare system."

To blunt the prospect of skyrocketing premiums as a result of expired federal tax credits, Gov. Maura Healey in January announced a \$250 million infusion into heavily subsidized insurance offered through the Health Connector. No parallel effort has been announced for MassHealth, though massive insurance losses are expected to intensely strain the Health Safety Net Fund that covers the cost of care for uninsured or underinsured residents.

Individuals who are considered medically frail are exempt from the new Medicaid work requirements. But the federal guidance surrounding what constitutes medical frailty and whether their condition limits their ability to meet "community engagement" requirements is creating more challenges for states, according to KFF.

"It is not fully clear from the guidance released on June 1 how states should interpret what qualifies as medical frailty," Schwarz said. "So very practically speaking, if an individual has a diagnosis, how do we use that information and what are we as a state required to verify?"

Massachusetts and other states are working with federal officials to better understand how to deploy the medical frailty parameters, Schwarz said.

"It's going to make it much more difficult for us to implement at the state level and to ensure that as many people retain coverage as possible," Schwarz said.

The lawsuit claims the federal guidance "unlawfully narrows" congressional protections for medically frail people, Campbell's office said. The suit also argues the guidance fails to consider the "significant harms" facing states, Medicaid beneficiaries, healthcare providers and healthcare systems; and that it "unconstitutionally coerces states by imposing new and vague compliance requirements after states had already begun implementing the One Big Beautiful Bill Act based on the statute's plain language and CMS's prior guidance," the AG's office said.

In a letter to Mahanah last week, dozens of healthcare organizations and care advocates called on the state to extend state-funded MassHealth coverage to about 1,050 "qualified lawfully present" immigrants expected to lose their insurance in October.

"Providing QLPs state-funded coverage is a small but meaningful way to reduce the cost of uncompensated care and alleviate some pressure on an already overburdened Health Safety Net," said their letter, which was circulated by the Massachusetts Health and Hospital Association Monday.

Schwarz, asked whether MassHealth is considering extending coverage for that group of immigrants, said he was unable to comment.

Alison Kuznitz is a reporter for State House News Service and State Affairs Pro Massachusetts. Reach her at akuznitz@stateaffairs.com.

Alison Kuznitz