

Medicaid payments for past medical bills

How federal limits on retroactive coverage impact Minnesotans

What is retroactive Medicaid coverage?

Since 1972, Medicaid has paid for health care received up to three months before Medicaid coverage began. This retroactive coverage protects people from medical debt, including bills for emergency care, hospitalizations, care for chronic conditions and new diagnoses. It also supports health care providers, allowing them to begin needed care regardless of when a patient applies for Medicaid.

What changed?

Starting Jan. 1, 2027, federal law shortens these protections, however the Minnesota Legislature voted to fully fund three months of Medicaid retroactive coverage for Minnesotans for an additional year. That means in Minnesota the **changes to retroactive coverage begin Jan. 1, 2028**, and reduce the coverage:

From three months of protection to one month

Low-income adults ages 21-64 without dependent children or certified disabilities

From three months of protection to two months

Children, parents, pregnant people, seniors, and people with disabilities

Why it matters

Retroactive coverage protects low-income, Medicaid-eligible people from life-altering medical bills. Barriers can cause delays in applying for Medicaid, including illness, health crises, health inequities, lack of awareness of Medicaid eligibility, disabilities, housing or life instability, mental health issues, or paperwork problems. Shortening retroactive protection increases medical debt for the Minnesotans already struggling the most financially. Unresolved medical debt is associated with long-term consequences, including worse access to future care, stress, and broader economic instability.

Retroactive coverage also contributes significantly to the financial viability of many health care providers and the state's health care infrastructure. It has a disproportionate impact in rural Minnesota, where a larger percent of the population relies on Medicaid in several counties. Less retroactive coverage increases uncompensated care for these providers, which eventually gets passed along to all health care consumers or causes such financial strain that facilities close.

Current retroactive coverage protections cost less than 1% of overall Medicaid spending in the state in 2024 but prevented more than \$129 million in unpaid medical bills for Minnesotans. **Medicaid cuts will shrink this, passing on an estimated \$37 million a year to vulnerable Minnesotans and health care providers.**

Additional medical debt projected in one year for low-income Minnesotans

\$27.9 million

Adults without dependent
kids or disabilities

\$5.4 million

Children and families

\$3.9 million

Seniors and people with
disabilities

Who is most affected?

Populations already facing structural barriers: Black people, American Indian people, immigrant communities, rural Minnesotans, people with disabilities, housing-insecure Minnesotans, and LGBTQ+ communities.

People already at higher risk of chronic conditions: American Indian, Black, and Native Hawaiian/Pacific Islander Minnesotans face a disproportionate burden of preventable chronic disease so will experience greater exposure to medical debt.

Seniors, Minnesotans with disabilities, and people receiving long-term services and supports: Catastrophic out-of-pocket costs can occur when nursing home or hospital stays go uncovered.

Health care providers: They will face rising uncompensated care costs.

Greater Minnesota: Lost revenue may trigger more cuts to services or facility closures.

The system: Administrative stress could overwhelm state and county systems, leading to delays for enrollees.

Read a report assessing the full equity impacts at mn.gov/dhs/medicaid-matters/reports.

Hypothetical example

James, a 62-year-old farmer with adult children in northern Minnesota, lives in Beltrami County where more than 32% of residents rely on Medicaid. James has no internet access at home, making online Medicaid applications difficult. In March 2028, James requires hospitalization for a serious infection, but he does not submit his Medicaid application until June when his daughter helps him at the county office.

Before federal cuts, his March hospitalization gets fully covered under the three-month retroactive period. After federal cuts, with only one month of retroactive coverage for adults without dependent children, James' March stay no longer qualifies for reimbursement. He receives a \$21,000 bill, which he cannot pay. The local critical access hospital absorbs the loss, deepening its financial strain. Already facing workforce shortages and thin margins, the hospital reduces weekend urgent care hours to cut costs. This forces James and his neighbors to drive more than 70 miles to the next nearest emergency facility.

How can Minnesotans protect themselves and their communities?

Don't wait until an emergency. If Minnesotans meet the eligibility criteria for Medicaid, they should apply now. It's important to get insurance in place to avoid bills for care that may no longer get covered retroactively.

Update contact information. Current Medicaid enrollees must keep their contact information current to receive important time-sensitive material about their coverage. Learn more: mn.gov/dhs/mycontactinfo.

Renew coverage. Current Medicaid enrollees must renew their coverage once or twice a year to prevent insurance gaps subject to reduced retroactive coverage. Learn more: mn.gov/dhs/renewmycoverage.

Stay informed. The Minnesota Department of Human Services will serve as a trusted guide on these coming changes. Follow the department on social media: [Facebook](#), [X](#), and [Instagram](#), and sign up to get email updates at mn.gov/dhs/federalchanges.