

Closing the health coverage gap: Alabama must enact policies to save lives

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As Alabama enters the 2026 legislative session, Medicaid expansion and maternal health will be central to the state's health equity conversations. Recent federal policy changes have made these conversations more urgent and more complex.

Alabama Arise will continue to support health investments to save lives, create jobs and protect rural residents across our state. This will include advocacy to close the state's health coverage gap through Medicaid expansion. We also will urge lawmakers to approve legislation to protect and expand access to comprehensive maternal health care.

Federal policy changes are reshaping Medicaid financing

Alabama remains one of only 10 states yet to expand Medicaid. As a result, hundreds of thousands of Alabamians are caught in the state's health coverage gap, earning too much to qualify for Medicaid but too little to qualify for Marketplace insurance subsidies under the Affordable Care Act (ACA).

HR 1, the so-called One Big Beautiful Bill Act, eliminated a two-year increase in the federal Medicaid match rate that was available to states that expanded Medicaid. This increased match rate was an additional incentive for states that

had not yet expanded Medicaid to cover adults with low incomes to do so.

For Alabama, the federal incentive eliminated under HR 1 would have brought an estimated \$619 million in federal funding for two years. That would have been enough to cover at least the first two years of Medicaid expansion.

Without this incentive – which would have been in addition to the ongoing 90-10 federal match rate for covering residents under Medicaid expansion – expanding Medicaid will cost more. It also will require identifying new, sustainable financing sources.

Provider tax changes create additional budget constraints

Federal changes under HR 1 also restrict how states can use provider taxes to finance Medicaid. Under HR 1, Alabama would be required to reduce Medicaid provider tax collections if it expanded Medicaid in the future.

This provision could result in Alabama losing more than \$100 million in health care revenue annually if the state expanded Medicaid. Arise will continue making the case that lawmakers should not pit current Medicaid enrollees against people who need coverage but cannot afford it.

Affordable coverage through Healthcare.gov remains at risk

At the same time, affordability challenges are growing for people who receive health coverage through the ACA Marketplace. Enhanced premium tax credits (ePTCs) have helped nearly 500,000 Alabamians afford coverage through Healthcare.gov. But the ePTCs expired Dec. 31, and Congress has yet to renew them.

As a result, many Alabamians' monthly health coverage premiums will double – or increase by even more. An estimated 130,000 Alabamians are expected to lose their health coverage because of this change.

Persistent gaps in health coverage and outcomes

Nearly 200,000 adults remain stuck in Alabama's coverage gap. And that number unfortunately is expected to grow since the ePTCs expired.

At the same time, Alabama continues to rank poorly on key health outcomes, including infant and maternal mortality. These realities make clear that coverage policy and maternal health outcomes cannot be addressed in isolation.

Building on progress to improve maternal health

Despite these systemic challenges, Alabama has made strides in improving maternal health in recent years. extending Medicaid postpartum coverage. These steps have included removing paperwork obstacles to maternity Medicaid coverage and ensuring paid family leave for state employees, K-12 teachers and two-year college workers. Lawmakers also eliminated the state sales tax on many maternity and infant items.

Here are Arise's recommendations for next steps that legislators can take to improve maternal health care outcomes in our state:

- **Increase provider access for new moms.** Alabama should act now to close maternal health deserts throughout our state. Moms in rural areas need access to birth workers, including doctors, midwives and doulas.
- **Protect access to contraceptives.** Contraceptives are important to reproductive health and meeting family planning needs. These contraceptives should be readily available and affordable.
- **Ensure doctors can perform life-saving procedures and preserve fertility without fear of criminalization.** Moms need safe, appropriate health care during pregnancy when complications are present. Doctors should not have to fear prosecution over providing such essential life-saving care.
- **Ensure a healthier start for newborns.** Arise advocates for policies that promote a healthier start for newborns and their families. This includes support for HB 54, known as the Women's CARE Act. This bill by Rep. Rolanda Hollis, D-Birmingham, would allow many pregnant moms sentenced to incarceration to serve supervised probation until 12 weeks after childbirth.

Bottom line

Alabama faces many difficult but important decisions about Medicaid expansion, health care affordability and maternal health. Federal policy changes have made inaction more costly, while coverage gaps and poor health outcomes continue to affect families across the state.

By addressing financing challenges, protecting access to coverage and building on recent maternal health progress, Alabama has an opportunity to move toward a more equitable health care system that better supports moms, babies and communities statewide.