



National Alliance
for Care at Home

Medicaid in The News: Key Issues

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Damon Terzaghi

dterzaghi@allianceforcareathome.org

Agenda

Background on Reconciliation



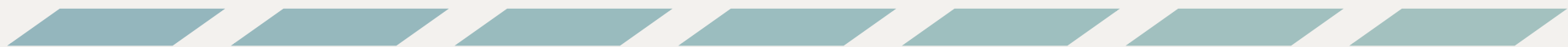
Discussion of Specific Policies



Next Steps



Other Federal Issues



Background

On July 4th, President Trump signed a “reconciliation” bill into law that made significant changes to Federal spending policy

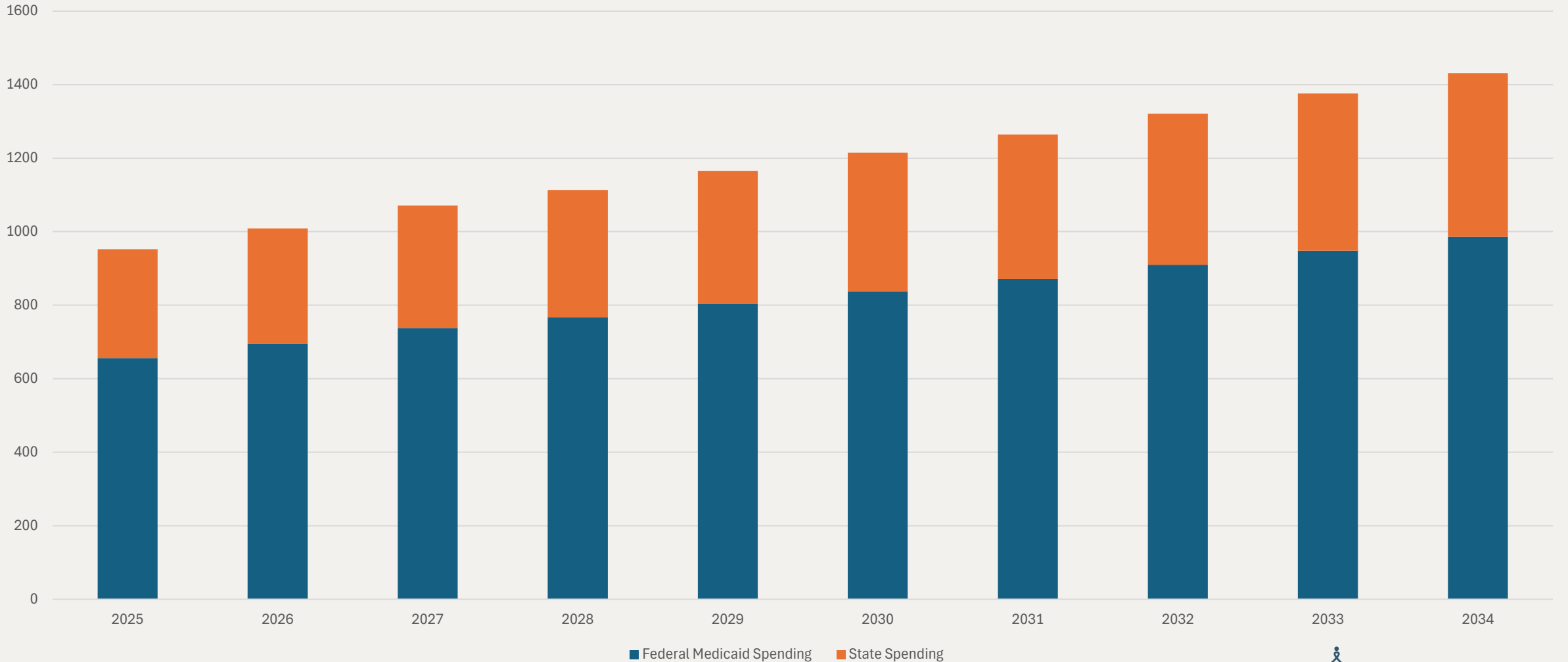
- Reconciliation is necessary to pass legislation without any Democrat votes
- Comes with significant process and content restrictions

The core of the bill is an extension and expansion of lower taxes coupled with spending reductions to offset the budgetary impacts

Medicaid reductions represent a significant portion of the legislation

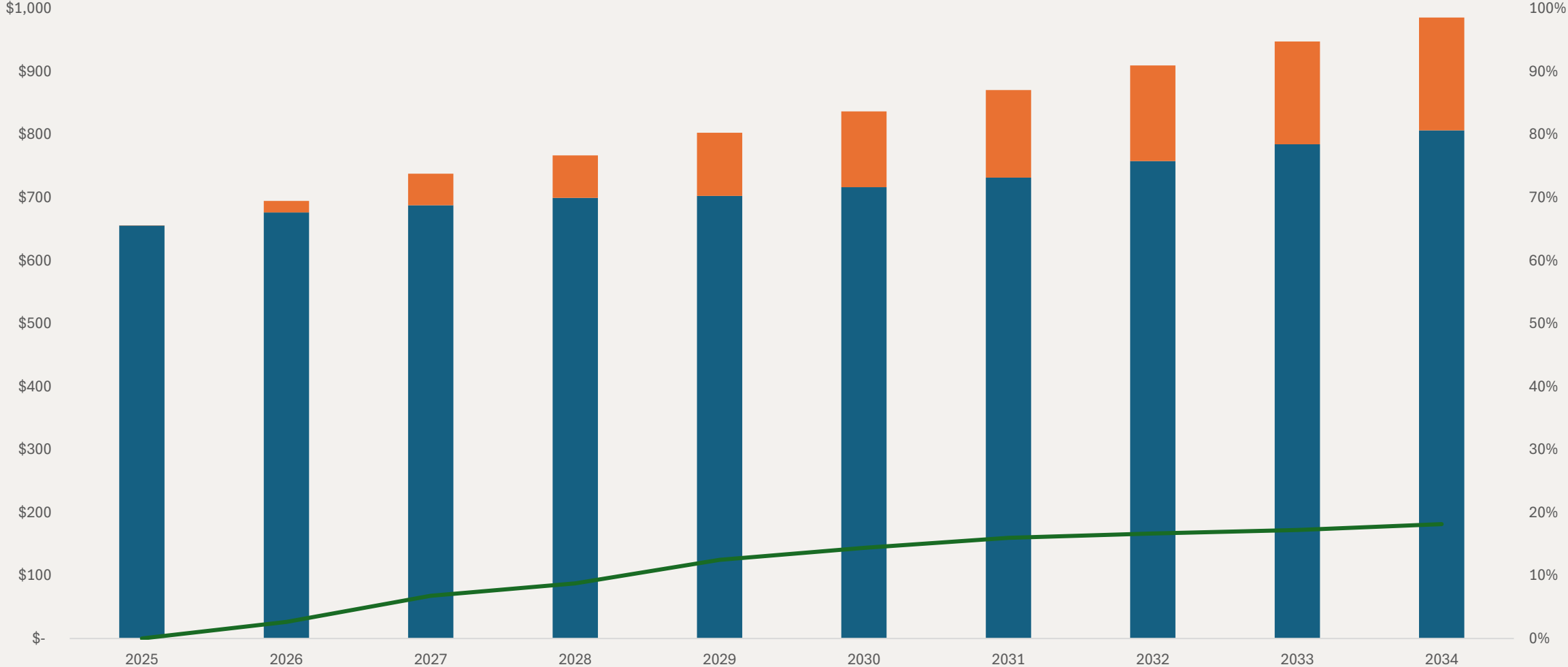
- Estimated at \$990 billion over ten years

Projected State/Federal Spending through 2034



Reductions in Perspective

Projected Reductions vs. Projected Spending



Federal Spending (minus reductions) Updated Projected Reductions Percent of Federal Expenditures



Deep Dive Into Bill Provisions

SEC. 71101: Moratorium on Implementation of Rule Relating to Eligibility and Enrollment in Medicare Savings Programs

- Expected to result in up to 1.4 million fewer dual eligibles enrolled in Medicaid

SEC. 71102. Moratorium on Implementation of Rule Relating to Eligibility and Enrollment for Medicaid, CHIP, and The Basic Health Program.

- Would rescind policies intended to ease enrollment of many individuals, including people with disabilities
- Reduce Federal expenditures by over \$81 billion during the 2025-2034

Program Integrity Provisions

- Sec. 71103. Ensuring appropriate address verification under the Medicaid and CHIP programs.
- Sec. 71104. Modifying certain State requirements for ensuring deceased individuals do not remain enrolled.
- Sec. 44105. Ensuring deceased providers do not remain enrolled.
- SEC. 71106. Payment Reduction Related to Certain Erroneous Excess Payments Under Medicaid

Deep Dive Into Bill Provisions

Sec. 71107. Increasing frequency of eligibility redeterminations for certain individuals.

- Changes expansion redeterminations from 12 to 6 months (Native Americans/American Indians are exempt)

Sec. 71108. Revising home equity limit for determining eligibility for long-term care services under the Medicaid program.

- Would drop the limit from 1.07million (indexed to inflation) to \$1 million flat

Sec. 71109. Alien Medicaid Eligibility

- Clarifies and narrows the noncitizens that may be eligible for Medicaid, beginning October 1, 2026, resulting in a projected \$6.2 billion of reduced Federal expenditures.

Sec. 71110. Expansion FMAP for Emergency Medicaid

- Emergency services that are provided to undocumented immigrants will be matched at the usual state rate instead of the higher ACA rate, for those who would otherwise qualify for ACA expansion

Deep Dive Into Bill Provisions

Sec. 71111. Moratorium on implementation of rule relating to staffing standards for long-term care facilities under the Medicare and Medicaid programs.

- Rule was intended to address nursing home/LTC quality; raised concerns about cost, ability to recruit workforce

Sec. 71112. Reducing State Medicaid Costs (aka Modifying retroactive coverage under the Medicaid and CHIP)

- Would limit coverage from current 3-months to 1-month prior to application

Fiscal limitations on States

- Sec. 71113. Federal Payments to Prohibited Entities
- Sec. 71114. Sunsetting Increased FMAP Incentive
- Sec. 71118. Requiring Budget Neutrality for Medicaid Demonstration Projects Under
- Section 1115

Sec. 7115 Provider Taxes

Nonexpansion states:

- Provider tax threshold is frozen at whatever was in place on the date of enactment of the legislation
- States would not be permitted to expand taxes to new types of providers or services, nor would they be allowed to increase any existing tax rates

Expansion states:

- provider tax threshold is frozen
- the maximum allowable provider tax rate slowly decreases on the following schedule:
 - 5.5% for Federal fiscal year (FFY) 2028
 - 5% for FFY 2029,
 - 4.5% for FFY 2030
 - 4% for FFY 2031
 - 3.5% for FFY 2032 and beyond.
- nursing facilities and intermediate care facilities for individuals with intellectual disabilities will not be subject to the lower threshold; taxes are frozen

Sec. 71116. State Directed Payments

Nonexpansion states:

- Limited to 110 percent of the Medicare rate
- If there is no Medicare rate, then 110% of the Medicaid State plan rate

Expansion states:

- Limited to 100 percent of the Medicare rate
- If there is no Medicare rate, the Medicaid State plan rate
- January 1, 2028: SDPs that exceed these limits must decrease by 10% each year

Medicaid “Work Requirements”

Section 71119.. Requirement for states to establish Medicaid community engagement requirements for certain individuals

Beginning January 1, 2027, must meet 80 hours of “community engagement” via some combination of:

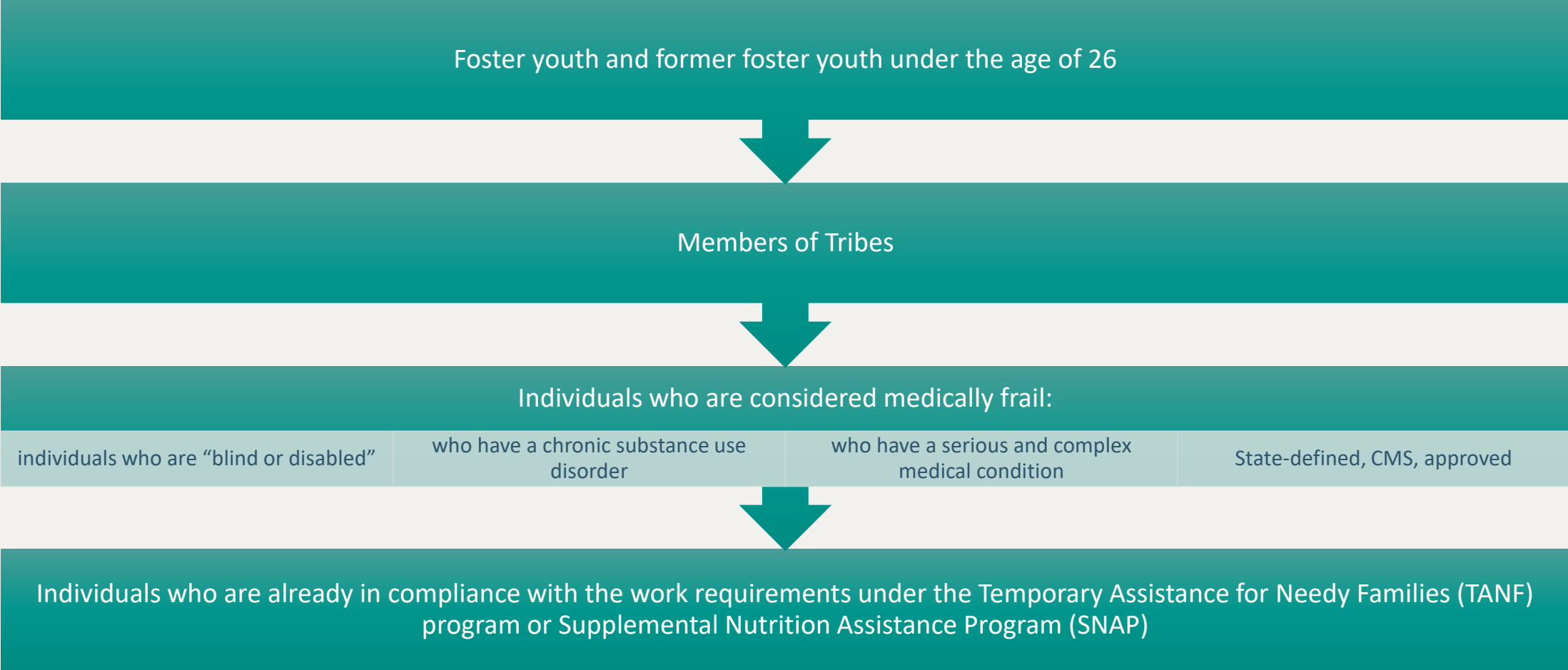
- Work
- School
- Volunteering

Applies to adults without disabilities age 19-64 (see exceptions on next slide)

States would verify at least for the month preceding an individual’s enrollment/renewal (could be a longer period)

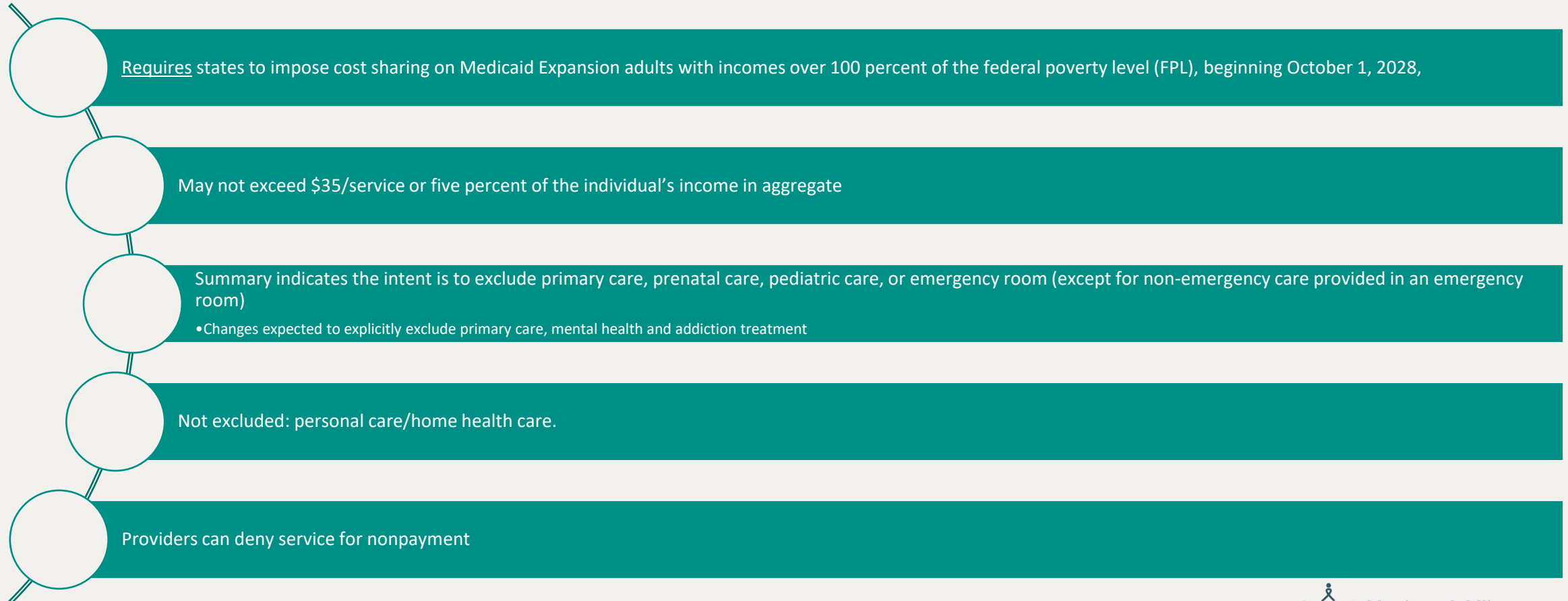
“Good Faith Effort” option for states to delay until Jan 1, 2029 with CMS approval

Exceptions to Community Engagement Requirement



Mandatory Cost Sharing

Section 44142. Modifying cost sharing requirements for certain expansion individuals under the Medicaid program



SEC. 71121. Making Certain Adjustments to Coverage of Home or Community-Based Services Under Medicaid

Allows states to create a new 1915(c) waiver, beginning July 1, 2028, that serves individuals who do not meet the institutional level of care typically required for these waivers

- Clinical eligibility for these waivers uses a needs-based criteria
- Similar to the eligibility requirements for 1915(i) state plan HCBS

State must demonstrate

- The per-capita cost will be lower than the cost of institutional care for serving these individuals,
- The waiver will not result in increased waiting times for those who meet the institutional level of care criteria

SEC. 71401. Rural Health Transformation Program

Provides a total of \$50 billion help offset the loss of Federal Medicaid funding for certain rural providers

- \$10 billion a year for the 5 years beginning FFY2026 and ending FFY2030

50 states (but not DC) are eligible to apply for funding

States will need to submit a rural health transformation plan

- Due Date: November 5th – aka VERY VERY SOON

CMS must issue approvals and awards by December 31, 2025

Use of funds is broad, potentially including post-acute and HCBS services

Next Steps

States will be responsible for implementing new requirements and for balancing budgets once the cuts are implemented

Already seeing States expressing concern/reducing outlays in response

- Colorado – repeal of previously scheduled rate increases
- Idaho – across the board reductions
- North Carolina – ongoing debate about

What about the Medicaid Access Rule?


Delay/repeal not included in Reconciliation due to Congressional rules

Rulemaking becomes likely avenue for changes

OMB request for information regarding deregulatory actions

Presidential order – repeal 10 regulations for every new rule

Other Issues: Administrative Actions



Anticipate focus on restricting Federal funding / limiting state	<ul style="list-style-type: none">• Example – guidance on health related social needs (ie SDOH) funding
Allow for ongoing waivers provided there is no increase in federal spending	
Increased program integrity activities	
Emphasis on fewer Federal regulations and greater state flexibility	<ul style="list-style-type: none">• Exceptions – areas of specific interest (ie: abortion, gender-affirming care)



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Questions?



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Thank you!