Federal Medicaid Proposals

Department of Social Services

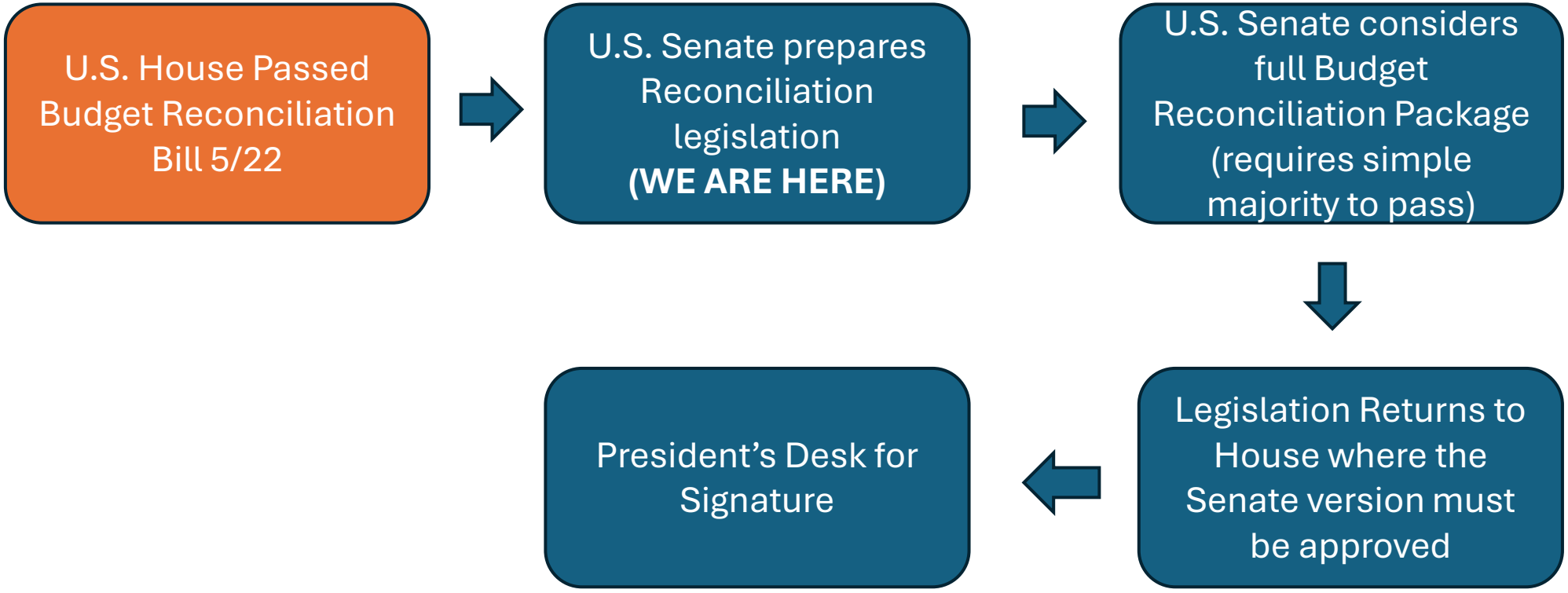
Presentation to Health Care Cabinet

May 27, 2025

SOME QUICK CAVEATS

- The proposals described are under active consideration, as passed by the U.S. House of Representatives on May 22, 2025 (but no action taken yet by the U.S. Senate) and are likely to change as negotiations evolve within Congress
- Not all relevant proposals will be described or reviewed, rather the focus is on proposals likely to have highest impact on states and members
- Even if passed, additional federal agency regulations and guidance will be promulgated before the full implications or impact can be known
- This overview is focused on proposals with Medicaid impact – there are other provisions in the reconciliation bill that have adjacent impacts on the Medicaid population and DSS, such as the provisions related to Supplemental Nutrition Assistance Program (SNAP) (cost shifting to states, additional work requirements, etc.)

Where Are We in the Federal Budgeting Process?



TIMING

- Sen. Majority Leader John Thune indicated he wants reconciliation passed by the Senate by **July 4th** (Politico)
- Bill includes provision raising the debt ceiling which will need to be done before **August;** statutory deadline is **Sept 30th**

FEDERAL MEDICAID PROPOSALS PASSED BY HOUSE 5/22/2025 (Slide 1)

Proposal	Detail
Work requirements effective December 31, 2026	• States would be required to check compliance with work requirements for adults age 19-64 enrolled through Medicaid expansion (HUSKY D) • Compliance checks would be done at the time of application and renewal (every 6 months) • Individuals would need to complete 80 hours of work, work program, community service, education or a combination • States **must** exempt certain individuals (caregivers, pregnant, medically frail, meeting SNAP/TANF work requirements etc.) • States **may** exempt certain individuals (acute medical or psychiatric episode, disaster area, high unemployment area) • Individuals have 30 calendar days to demonstrate compliance/exemption before coverage termination • Individuals not meeting work requirements would also be barred from receiving subsidized coverage in the Marketplace • CMS must promulgate rules by Dec 2025

FEDERAL MEDICAID PROPOSALS PASSED BY HOUSE 5/22/2025 (Slide 2)

Proposal	Detail
Six-month eligibility checks effective December 31, 2026	• States would be required to redetermine eligibility for expansion adults (HUSKY D) every 6 months (instead of currently every 12 months)
Cost Sharing effective October 1, 2028	• States must implement cost sharing for portion of expansion population (HUSKY D) adults with incomes >100% Federal Poverty Level (FPL) • Cost sharing must be above $0 and not to exceed $35 per service and 5% of family income • States can decide whether providers may deny care if patients fail to pay copayments • Services exempt from cost sharing: primary care, mental health, substance use disorder, likely also prenatal, inpatient, emergency (exemptions may change)
Penalty for states providing coverage to non-citizens effective October 1, 2027	• Reduce by 10% (from 90% to 80%) Federal Medical Assistance Percentage (FMAP) federal match percent on the entire Medicaid expansion population for any state that provides comprehensive health benefits to non-citizens, regardless of funding source. • Includes undocumented residents and certain legally present individuals who otherwise do not qualify for Medicaid coverage

FEDERAL MEDICAID PROPOSALS PASSED BY HOUSE 5/22/2025 (Slide 3)

Proposal	Detail
Freezes provider taxes at current rate and structure effective upon enactment	• Limits states' ability to increase revenue using increases to provider taxes, such as on hospitals, nursing homes, and intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs)
Planned Parenthood restriction effective upon enactment	• Prohibits federal match for any Medicaid payments to Planned Parenthood
Gender affirming care restriction effective upon enactment	• Prohibits federal match for any Medicaid/CHIP payments for gender-affirming medications or procedures.

CONCLUSIONS AND NEXT STEPS

- These proposals represent some of the most consequential changes since Medicaid's inception and, if adopted, would result in many people losing coverage.
- DSS is monitoring changes very closely working with national organizations and academic partners that are doing the same
- As finalized details come into view, DSS will continue to model out how these changes will impact our members and the state budget

APPENDIX

OTHER PROPOSALS INCLUDED IN HOUSE BILL

Other Proposals

- Reduce retroactive eligibility from 3 months to 1 month
- No FFP (federal match) pending immigration verification
- Systems to prevent duplicate enrollment
- Additional verification for addresses and Social Security Administration (SSA) Death Master File
- Tighten rules for payment error penalties
- Lower $1 million home equity cap for Medicaid long-term care (LTC) eligibility
- 10-year moratorium on CMS eligibility and nursing home staffing rules
- Enhanced provider enrollment screening
- Pharmacy cost survey rules
- Codifies rule that section 1115 demonstration waivers must be budget-neutral to the federal government
- Various Health Insurance Exchange rules that will tighten Covered CT