2025 Federal and State Changes

Healthcare Program Changes

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Terminology

- **Expansion States** - States that expanded their Medicaid programs and offered new products in a health care exchange either in the state or using the federal exchange, implementing the Affordable Care Act.
  - California did this - expansion of Covered California, our healthcare exchange, offering premium stipend assistance for California residents in qualifying income categories

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Terminology

- **Expanded Populations -**
  - Able bodied adults without dependents. This population was not eligible for Medicaid and was the medical responsibility of the County of residence.
  - Mendocino County combined forces with 33 other small counties in California to meet this need by means of the County Medical Services Program (CMSP)
  - California used the ACA expansion to offer the population with Medi-Cal eligibility to “able bodied adults with no dependents”. This was a new eligible population category as of the ACA. This changed coverage for the “medically indigent adult population”

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Federal Public Benefit (FPB)

- **July 10, 2025** – Trump Administration announces new interpretation of the term "federal public benefit" (FPB) under Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replacing the 1998 interpretation.
- **July 14, 2025** – New interpretation published on Registrar and effective immediately with program specific guidance to come.
- Health Centers are newly listed as FPB
- Additional programs also listed as FPB

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Medicaid (Medi-Cal) Qualifications Revised

- **As a condition of Medicaid eligibility:** Able-bodied adults between the ages 19-64 without dependents will have to demonstrate upon application and redetermination:
  - a monthly income of at least the fed. minimum wage; OR at least 80 hours per month of work, community service, or qualifying participation in an educational program for:
    - 1-3 consecutive months preceding the month of application to Medicaid;
    - 1 or more months (whether or not consecutive) during the period between redeterminations as verified by the state as part of the regularly scheduled redetermination of eligibility;
  - an average monthly income over the preceding 6 months that is at least the fed. minimum wage AND is a seasonal worker.
- **Exemptions** *(Some are up to the state to institute)*

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Income and Timeline

- Adults with no dependents who earn $1,305- $1,800 per month must be working, enrolled in school or volunteering a minimum of 80 hours per month to retain their Medi-Cal coverage (current poverty levels)
- June 1, 2026 - The HHS secretary must put forward an interim final rule
- January 1, 2027 - State Medicaid programs are required to implement this policy
- December 31, 2028 - HHS waiver for good faith exemption from these requirements ends

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Other Changes Affecting Eligibility

- **Eligibility Verification**
- December 31, 2025 - The HHS secretary must issue implementation guidance
- January 1, 2027 - State Medicaid programs are required to implement
- States are required to make redeterminations **every 6 months** for Medicaid Expansion Adults: able bodied adults without dependents.
- **Retroactive Coverage**
- January 1, 2027
- Limits retroactive coverage to one month prior to application for coverage for expansion enrollees and two months prior to application for coverage for traditional enrollees.

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Premiums for Medi-Cal and Service Co-Pays

- **Modifying Cost Sharing Requirements for Certain Expansion Individuals Under the Medicaid Program**
- Effective October 1, 2028, would add mandatory deductions, cost-sharing for certain Medicaid Expansion enrollees (with incomes over 100% of the federal poverty line). Cost-sharing must be "greater than $0," but cannot exceed $35, for any particular health care item or service rendered.
  - Sets a total aggregate limit on cost sharing of 5% of family income (as applied on a quarterly or monthly basis)
- Medicaid-participating providers would be allowed to refuse care to enrollees who do not pay the required cost-sharing amount at the time of service (although, providers are permitted to waive the cost-sharing requirements on a case-by-case basis).
- Services exempted from cost sharing: emergency, family planning, pregnancy and preventive care AND any primary care services, mental health care services, substance use disorder services, or services provided by a Federally Qualified Health Center (FQHC), Rural Health Center (RHC), or certified community behavioral health clinic.

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Eligibility Limits by Residency Status

- **Medicaid**
- Changes to the definition of “qualified immigrant” to include only:
  - lawful permanent residents,
  - certain Cuban and Haitian immigrants, and
  - individuals residing in the United States through a Compact of Free Association (COFA migrants)
- *Current list of Medicaid eligible status classes are in notes*
- **Medicare**
- Restricts Immigrant Medicare eligibility to:
  - lawful permanent residents,
  - certain Cuban and Haitian immigrants, and
  - individuals residing in the United States through a Compact of Free Association (COFA migrants).
- Mandates the Social Security Commissioner must identify and notify Medicare enrollees who are no longer eligible within one year of enactment and terminate enrollment within 18 months of enactment.

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Rural Health Transformation Program

- **The Good News**
- Application Due: December 31, 2025
- Allotments: FY26-FY30

- Creates a new Rural Health Transformation grants program administered by CMS and appropriating $50B over FY2026-FY2030 ($10B/FY) with funding flowing through states and a requirement to submit a “rural health transformation plan” to HHS
- Distributes 50% of funds equally among all approved states, 40% based on a methodology determined by the Administrator for applicants meeting specified need-based criteria. The remaining 10% is allocated to CMS to cover administrative expenses.
- Applications for funding must be submitted to the Administrator by December 31, 2025.
- Eligible providers include rural hospitals, rural health clinics, FQHCs, community mental health centers, and opioid treatment programs.

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Additional Changes

- **Tax Credits for Health Insurance Premiums Paid**
  - Rules change based on immigration status
- **Federal Medical Assistance Percentage (FMAP)**
  - Amount federal government will match costs to the Medicaid programs for states who cover healthcare services in cases of emergency based on immigration status. Begins 10/1/2026
- **State Directed Payments (Expansion States- California)**
  - Reductions being 1/1/2028
  - Caps the total payment amount for State Directed Payments made for inpatient hospital services, outpatient hospital services, nursing facility services, or qualified practitioner services at an academic medical center

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Legal Challenges and More

- Many of the executive orders are facing legal challenges
- FQHCs across the country are required to attest to compliance with executive orders each time we drawdown federal funds from our grants
- We are now required to change terminology and data we are reporting to our federal oversight department (HRSA)
- Funds for the next federal fiscal year have been allocated and FQHCs remain funded at 100% of prior year funding.
- Mendocino Coast Clinics Newsletter-
  - https://mailchi.mp/mccinc/protecting-community-health-in-uncertain-times

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