

HR 1 Implementation Timeline: Medicaid

Beginning of Rural Health Transformation Program: PA awarded \$193 million for first year of grant

July 4, 2025

January 1, 2026

October 1, 2026

January 1, 2027

October 1, 2027

- **Moratorium on CMS Rules:** Delays implementation of 3 finalized CMS rules intended to streamline enrollment processes & impose new verification requirements for enrollees
- **Prohibition to entities that provide abortion services:** Bars Medicaid participation by certain providers of abortion services for 1 year
- **Prohibition on New Provider Taxes:** States no longer able to establish new provider taxes or increase existing rates
- **Payment limit for State-Directed Payments:** SDPs capped at 100% of Medicare rate instead of average commercial rate, grandfathered payments reduced by 10% each year until they reach Medicare limit beginning 1/1/28

- **Work Requirements Begin for Medicaid Expansion Population:** States required to implement community engagement requirements for adults 19-64 for Medicaid expansion and in waivers that provide minimum essential coverage
- **Semiannual Eligibility Renewals for Medicaid Expansion:** States required to redetermine eligibility for expansion population every 6 months, will impact ~750,000
- **Retroactive Coverage Reduction:** Retroactive coverage period for Medicaid reduced from 3 months to 1 for expansion pop. and 2 months for all other Medicaid applicants
- **Address Verification Requirements for Enrollees:** States required to establish standardized processes to verify and update enrollees' addresses with National Change of Address Data database, returned mail, and other data sources. PA already has systems in place.

- **Non-Citizen Eligibility Changes:** Refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims, and other non-citizens no longer considered qualified aliens for Medicaid and CHIP
- **FMAP Reduced for Emergency Medicaid:** States will only receive base FMAP for Emergency Medicaid services, \$24 million loss of federal funds annually

Provider Tax Limit Reduction: Provider tax limit will reduce by 0.5% each year until reaching a 3.5% cap in FY2032. Could remove \$20B from PA's Medicaid program over subsequent 10 years/