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FIGHTING SENIOR POVERTY THROUGH LAW

Medicaid Cuts in H.R. 1 – Updates for Aging Advocates in California

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Webinar Logistics

- All on mute. Use Questions function for substantive questions and for technical concerns.
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Justice in Aging is a national organization that uses the power of law to fight senior poverty by securing access to affordable health care, economic security, and the courts for older adults with limited resources.

Since 1972 we've focused our efforts primarily on fighting for people who have been marginalized and excluded from justice, such as women, people of color, LGBTQ+ individuals, and people with limited English proficiency.

Our Commitment to Justice

We believe that to advance justice in aging, we must ensure that everyone has access to what they need as they age, without discrimination and regardless of race, gender, gender identity, sexual orientation, ability, language or country of origin.

We push for policies that will ensure that those experiencing the greatest barriers to economic security, health care, and housing can exercise their rights and fully access the services and programs they need.

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Today's Agenda

- Overview of changes to Medicaid and Medicare in H.R. 1 and potential impact in California
- Advocacy tips for mitigating harm
- Overview of California State Budget updates
- New resources
- Questions

Medi-Cal's Crucial Role

- More than 2.4 million older adults and people with disabilities rely on Medi-Cal
- California receives $112 billion in federal Medicaid funding
- Millions more older adults and people with disabilities and chronic conditions are insured through Medicaid expansion
  - 5+ million adults enrolled in ACA expansion
  - 5.5% of ACA expansion adults use long-term services and support users in CA
- Medicaid is very broad and covers more than traditional medical services
  - Home- and Community-Based Services (HCBS) & nursing facilities
  - Non-Emergency Medical Transport (NEMT)
  - Financial assistance for Medicare beneficiaries dually enrolled in Medicaid

H.R. 1 Overview

H.R. 1 Topline Impacts (1 of 2)

- The Budget Reconciliation Act of 2025 (H.R 1/Public Law No. 119-21) passed Congress on July 3 and was signed into law on July 4
- Largest cut to Medicaid in history – $990 billion (CBO estimate)
  - Medicare and ACA cuts push total well over $1 trillion
- Estimated that 4 million people in CA will become uninsured as a result
  - 3.4 million likely to have Medi-Cal coverage terminated
  - 660,000 could become uninsured due to changes to the ACA.

See "Navigating Federal Cuts to Health and Human Services in California: A Presentation with CalHHS"

H.R. 1 Topline Impacts (2 of 2)

- Cuts federal Medicaid funding and shifts costs to California, forcing the state to cut services, eligibility, or provider reimbursement
- Increases barriers to accessing Medi-Cal coverage
- Terminates eligibility for Medi-Cal, Medicare, and Marketplace tax credits for many immigrants

Medicaid Changes Impacting Older Adults

Cuts to Federal Medicaid Funding

- Sec. 71115 and Sect 71166: Restricts California's ability to fund its share of Medi-Cal costs by freezing and reducing provider and insurer taxes
  - Reduces allowable provider taxes in CA from 6% to 3.5% in 2032
  - Nursing facility taxes are frozen, but can still be up to 6%
  - California's Managed Care Organization tax is currently out of compliance with HR 1
  - Impact: When California spends less state dollars because of these caps, it means California will receive less federal funding because the federal match (FMAP) works as a reimbursement
- Sec. 71110 Reduces federal match for emergency Medi-Cal services provided to adults who are ineligible due to immigration status

Funding Cuts Could Impact Older Adults

- Shifting costs to CA forces the state to cut Medi-Cal spending
  - Additional pressures from administering work requirements, shifting Cal-Fresh costs to CA, American Rescue Plan Act funding ending
- Cut optional benefits or eligibility categories
  - Home-and Community-Based Services (HCBS)
  - Dental, vision, hearing
  - Coverage of immigrants
- Cut enrollment
  - Rollback eligibility expansions for Aged & Disabled and Medicare Savings Programs
- Cut provider payment rates
  - Worsen direct care workforce shortage

Funding Cuts put HCBS at Risk

- 86% of “optional” Medicaid spending supports older adults and people with disabilities
- HCBS accounts for 51% of all optional spending and 32% of all Medicaid spending
- When federal funding was cut after the Great Recession, every state cut one or more HCBS programs, including California
  - IHSS and Adult Day Health (CBAS) (2009)
  - IHSS across the board hour reduction (2013, 2015)
  - Eliminate CBAS and MSSP (2020)
  - Caps on overtime (2025)
  - Restriction on HCBS access based on immigration status (2024, 2025)

Work Requirements

- Sec. 71119 mandates every state implement work requirements for adults ages 19 to 64 (ACA expansion population) – Jan. 1, 2027
  - 80 hours of qualifying activities per month, or income more than $560/month
- Limited exemptions
  - States are not allowed to create other exemptions
- Requires proof of compliance for *at least* one month prior to enrolling and prior to eligibility redeterminations every 6 months
- Individuals not in compliance with work requirements cannot receive Covered California marketplace subsidies

Harms of Work Requirements

- 3 million people in CA estimated to become uninsured
  - Older adults ages 50 to 64 and people with disabilities who are not enrolled in Medicare or Medicaid under strict disability rules
  - Paid and unpaid caregivers who rely on Medi-Cal for their own insurance
- Exemptions are narrow and burdensome
  - Parent, guardian, caretaker relative, or family caregiver exemption based on definition in RAISE Family Caregivers Act
  - Disability-based exemptions not well defined – "medically frail"
- Massive administrative burden impacts all Medi-Cal enrollees, including older adults

Paradox of "Proving" Disability for Work Requirement Exemption

- The law exempts "medically frail" individuals
  - Lists chronic conditions and disabilities as examples
- This category of exempt individuals are not enrolled in disability-specific Medi-Cal programs like SSI or Medi-Cal for Blind and Disabled
  - Proving disability for Medicaid creates a catch-22: to show disability you need medical documentation of a disability, but that requires access to health care

Other Eligibility Restrictions

- Sec. 71112 cuts retroactive eligibility from 3 months to 1 month for expansion population and 2 months for all other enrollees (Jan. 1, 2027)
  - Especially harmful for older adults and people with disabilities who have to gather financial records to prove eligibility
  - Could impact access to nursing facility care
- Sec. 71108 freezes the maximum allowable home equity limit at $1 million (Jan. 1, 2028)
  - No adjustments for inflation
  - Allows exemption for agricultural land
  - Would make it harder for people needing long-term care to keep their home

Other Eligibility Restrictions Continued

- Sec. 71107 requires more frequent eligibility renewals for Medi-Cal expansion population – every 6 months instead of 12 months
  - Older adults age 50-64 impacted
  - Older adults and people with disabilities on non-expansion programs remain at 12-month renewal frequency
- Sec. 71120 imposes cost-sharing for Medi-Cal expansion population for some services
  - States choose amount – can be as high as $35
  - Overall cost sharing cap of 5% of yearly income
  - Exempt services include primary care, emergency, behavioral health and others
  - Older adults age 50-64 impacted

Stops Regulations

- Sec. 71101 stops implementation of some provisions of the Streamlining Medicaid Eligibility and Enrollment rules
  - Nationally, more than 1.3 million dually eligible people are expected to lose Medicare cost-sharing assistance through Medicare Savings Programs (MSP)
  - CA: Remains optional for state to align household size definition between Low-Income Subsidy and MSPs, previously required by April 2026
  - Auto-enrollment of SSI-linked into Qualified Medicare Beneficiary and Part A Buy In will **not** be rolled back
- Sec. 71111 blocks implementation of the Nursing Home Minimum Staffing rule
  - The rule estimated to save 13,000 lives per year

Cuts to Medicare

- A cut to Medicaid is a cut to Medicare
  - Makes Medicare unaffordable for people dually eligible for Medicaid and Medicare
  - Cuts access to long-term care
- Sec. 71201 ends Medicare eligibility for lawfully present immigrants who are not Legal Permanent Residents, Cubans/Haitians family reunification program entrants, and People residing under the Compacts of Free Association
  - Prohibits new Medicare enrollment for other lawfully presents immigrants previously eligible, effective immediately
  - Medicare for current enrollees will be terminated Jan. 2027
- Puts Medicare's future at risk by triggering $500 billion in cuts over a decade
  - Sequestration could begin in 2026 unless Congress acts

Impact of Cutting Medicare Eligibility for Immigrants

- Takes Medicare away from older adults and people with disabilities who have worked in the U.S. and paid into the system for decades
- Many older immigrants will become uninsured because the law excludes same categories of lawfully present immigrants from Medi-Cal and Covered CA premium tax credits
- Harms U.S. citizens
  - Many people who will have health care taken away work as caregivers for U.S. citizen older adults and provide care for their own family, including U.S. citizen children

Medicaid Immigration Changes

- Sec. 71109 limits Medicaid eligibility to Legal Permanent Residents, Cubans/Haitians family reunification program entrants, and People residing under the Compacts of Free Association (Oct. 2026)
  - All other lawfully present immigrants previously eligible will be disenrolled (refugees, asylees, trafficking and domestic violence victims, and more)
- Low-income older immigrants will have few options for affordable health insurance – same immigrants barred from Medicare, Covered CA subsidies
  - CA: DHCS planning to cover newly ineligible immigrants under state funded Medi-Cal*
  - County funded medical services programs

Implementation Timelines

Policy	Effective Date
Restrict Medicare for Certain Immigrant Groups	Upon Enactment (Jan 2027 for those currently enrolled)
Pause Nursing Facility Staffing Rule	Upon Enactment
Pause Medicaid Streamlining and Enrollment Rule	Upon Enactment
Work Requirements	Dec 31, 2026
6-Month Eligibility Check	Dec 31, 2026
Restrict Medicaid for Certain Immigrant Groups	Oct 1, 2026
Restrict ACA Marketplace tax credits for Certain Immigrant Groups	Jan 1, 2027
Limit on Retroactive Coverage	Jan 1, 2027
Limit Provider Taxes	Upon Enactment; cuts phase in 2028 to 2032
Cost Sharing	Oct 1, 2028
Medicaid LTSS home equity limit reduced and frozen at $1 million	Jan 1, 2028

What You Can Do: Mitigation for H.R. 1

Mitigation Strategies: Educating Clients and Older Adults

- Make sure Medi-Cal enrollees know what is – and is not – in the final law
  - No structural changes to Medicaid like block grants or per capita caps
  - No changes to income eligibility for most people
- Many cuts are not in effect for months or years
  - Eligible individuals should get and remain enrolled
- All individuals have due process protections
  - No changes to requirement for written notice prior to termination and right to appeal adverse decisions

Mitigation Strategies: Working with DHCS

- Work with California to minimize the harms where the state has some discretion in how they implement these cuts
  - For example, limiting dollar amount for copays; not requiring more frequent eligibility checks, automate exemptions and verification of work requirements/income
- Make sure California does not rush implementation and engage with state on potential issues
  - Medi-Cal is very popular – not in the state's interest for their constituents to lose coverage
  - DHCS can communicate concerns and issues raised by stakeholders with CMS to influence federal guidance and during implementation
- Encourage California to support HCBS
  - E.g., rural provider relief fund
- California could also keep and strengthen their Medi-Cal eligibility limits and implement streamlining provisions that help older adults and disabled people obtain and retain coverage

Mitigation Strategies: Working with Partners

- Connect with other local advocates to monitor implementation and develop targeted strategies
  - Direct service advocates, provider groups, disability and aging advocates, etc.
  - Collaborate on commenting opportunities from CMS
- Connect with Justice in Aging
  - Look for additional webinars and resources
  - Let us know how things are progressing info@justiceinaging.org

Mitigation Strategy: Public Education & Storytelling

- Continue to share stories of how implementation is affecting Medi-Cal access
- Stories can be shared many places
  - With policymakers
  - News: print/web, radio, TV
    - Reaching local media: submit a “news tip” for a “your story” section, tag reporters/stations in social media
  - Opinion pieces: op-eds, letters to the editor, blogs
  - Social media
  - Public speaking: rallies, panels
  - 1 on 1 conversations

CA 2025-26 Budget Impacts

CA State Budget Impacts

- Governor Newsom signed State Budget 25-26 on June 27, 2025
  - CA faced a $12 billion deficit
- Impacts on Medi-Cal
  - Reinstatement of the Medi-Cal Asset Limit
  - Changes to immigrant eligibility and coverage for certain immigrant groups

Asset Limit Reinstatement

- Reinstatement of Asset Limit restored to $130,000/per individual
  - Asset limits previously eliminated January 2024
  - Prior asset counting rules restored
  - Effective January 1, 2026
- Applies to Medi-Cal programs serving older adults and people with disabilities
  - Aged, Blind, and Disabled, 250% Working Disabled, Medicare Savings Programs, Share of Cost, Long-Term Care
- Impacted Groups:
  - New applicants after Jan. 2026 subject to asset test
  - Current Medi-Cal enrollees must certify assets at next renewal or after change in circumstance review
- DHCS must collect data on those who lose eligibility due to reinstatement

All County Welfare & Directors Letter (ACWDL) 25-14

Immigrant Restrictions

- Immigrants working in the U.S. pay federal and state payroll taxes but many do not qualify for federally funded healthcare programs (Medicare or Medicaid)
- Immigrants with “satisfactory immigration status” qualify for federally funded Medi-Cal
  - Legal permanent residents after 5 yrs residency, refugees, asylees, and more
  - Others deemed to have "unsatisfactory immigration status" (UIS) – people without an immigration status, unable to verify their status, legal permanent residents under the 5-year residency req., and more
- CA provides full-scope Medi-Cal to individuals with UIS, using state funds only
  - Must meet all other Medi-Cal eligibility rules (residency, income)

Cap on New Medi-Cal Enrollment for Certain Immigrants

- New Medi-Cal enrollment capped for undocumented immigrants age 19 and older
  - Effective January 1, 2026
  - Does not apply to other immigrant categories, only undocumented or those unable to verify status
- Undocumented immigrants currently enrolled in Medi-Cal remain
  - Loss of Medi-Cal eligibility may jeopardize future enrollment
  - 3-month grace period following loss of eligibility
- Immigrants subject to the capped enrollment or who lose eligibility, limited to Restricted/Emergency Scope Medi-Cal
- Advocacy Tip: Apply before Jan 2026 and educate clients on importance of Medi-Cal renewals

ACWDL 25-13

Other Immigrant Restrictions

- Elimination of Dental Benefits for UIS immigrants on state-funded Medi-Cal
  - Effective July 1, 2026
  - Applies to people aged 19 and older
  - All other Medi-Cal benefits remain with the exception of dental
- Monthly $30 premiums for UIS immigrants on state-funded Medi-Cal
  - Effective July 1, 2027
  - Applies to people aged 19-59, and who are not pregnant
  - Failure to pay premiums results in move to Restricted Scope Medi-Cal
- *CA plans to cover newly ineligible immigrants under H.R. 1 (effective Oct. 2026) on state-funded Medi-Cal. Will be subject to monthly premiums and loss of dental benefits.*

Justice in Aging Resources

- What's in the Budget Reconciliation Act of 2025 & What Does it Mean for Low-Income Older Adults' Access to Health and Long-Term Care?
- Section by Section of H.R. 1's Medicaid & Medicare Provisions Impacting Older Adults
- How Medicaid Supports Older Adults
- Medicaid Defense Resources
- The Budget Reconciliation Act of 2025 Means Harmful Cuts for Older Adults
- A Lifeline for Californians: The importance of Protecting and Expanding Medi-Cal Home and Community-Based Services

Other Resources

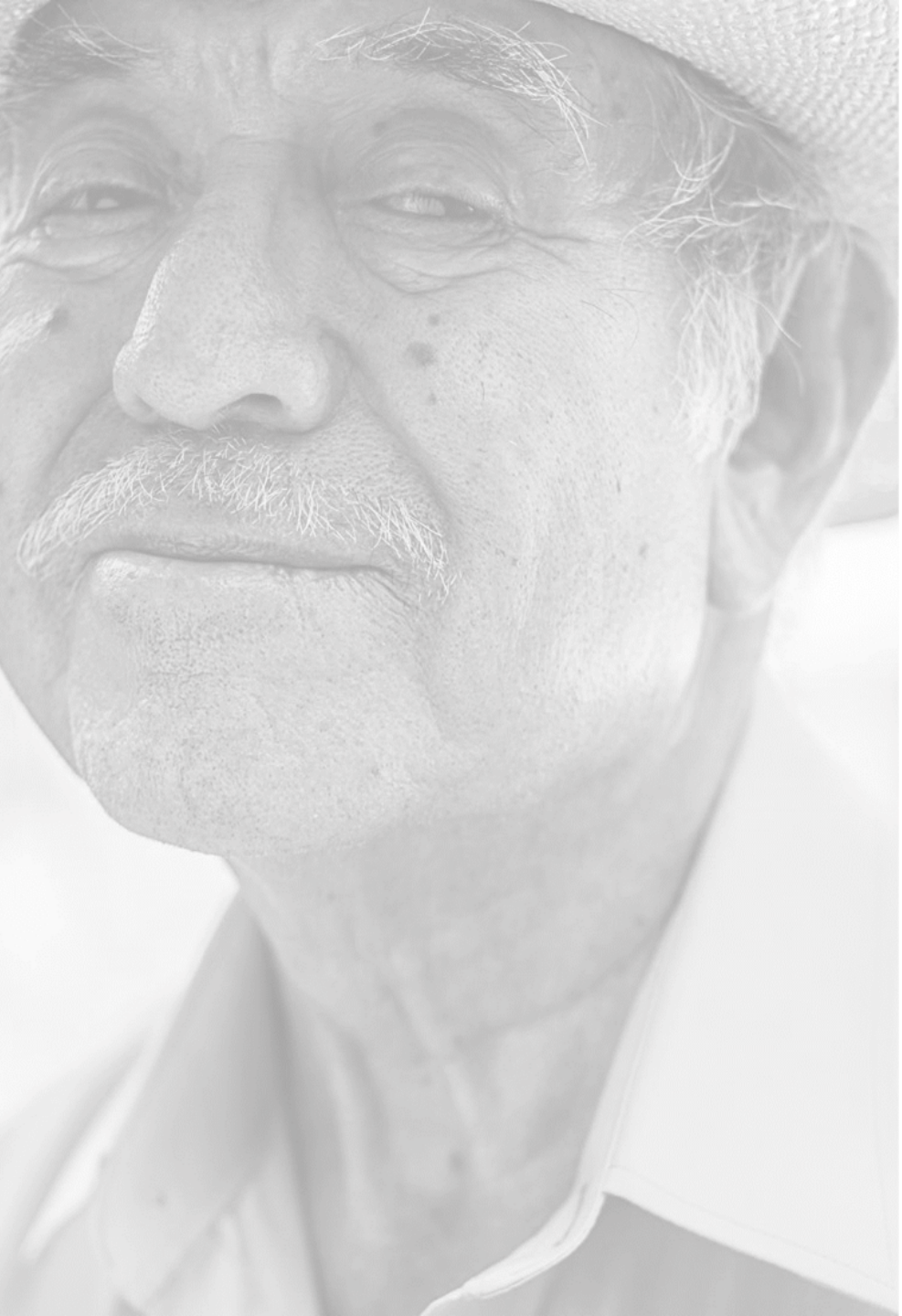
- Tracking the Medicaid, Medicare and ACA Provisions in the 2025 Reconciliation Bill, KFF
- New Law Enacted, Making Historic Cuts and Changes to Medicaid and Marketplaces, Manatt
- Provisions on Immigrants Access to Public Benefits in the Final Reconciliation Package, Protecting Immigrant Families Coalition
- H.R. 1 Impacts on Medi-Cal and Safety Net Programs, CalHHS
- What Medi-Cal Members Need to Know, DHCS

Poll Question 1

- Are your clients and older adults in your community familiar with H.R. 1 and its changes to Medicaid and Medicare?
  - Yes, very familiar
  - Somewhat familiar
  - No, not familiar

Poll Question 2

- What resources would be most helpful to you in your work to minimize the harm of H.R. 1?
  - Analysis and explainers on what is in H.R. 1
  - Mitigation strategies and toolkits
  - Something else (put suggestions in Questions box)
  - All of the above



Questions?

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