Federal Update

WSSHA Spring Health Law Conference

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Important considerations

- Much of the information described here is preliminary and subject to change.
  - CMS is publishing an Interim Final Rule by June 2026.
- Formal House Resolution One (H.R.1) guidance is being released on a rolling basis.
- The Washington State Health Care Authority (HCA) is developing Washington Administrative Codes (WAC) and will finalize at the end of 2026.

Topics

- Overview of H.R.1
- Work requirements
- Other H.R. 1 provisions
- Federal Rules
- Next steps and resources

Overview of H.R.1

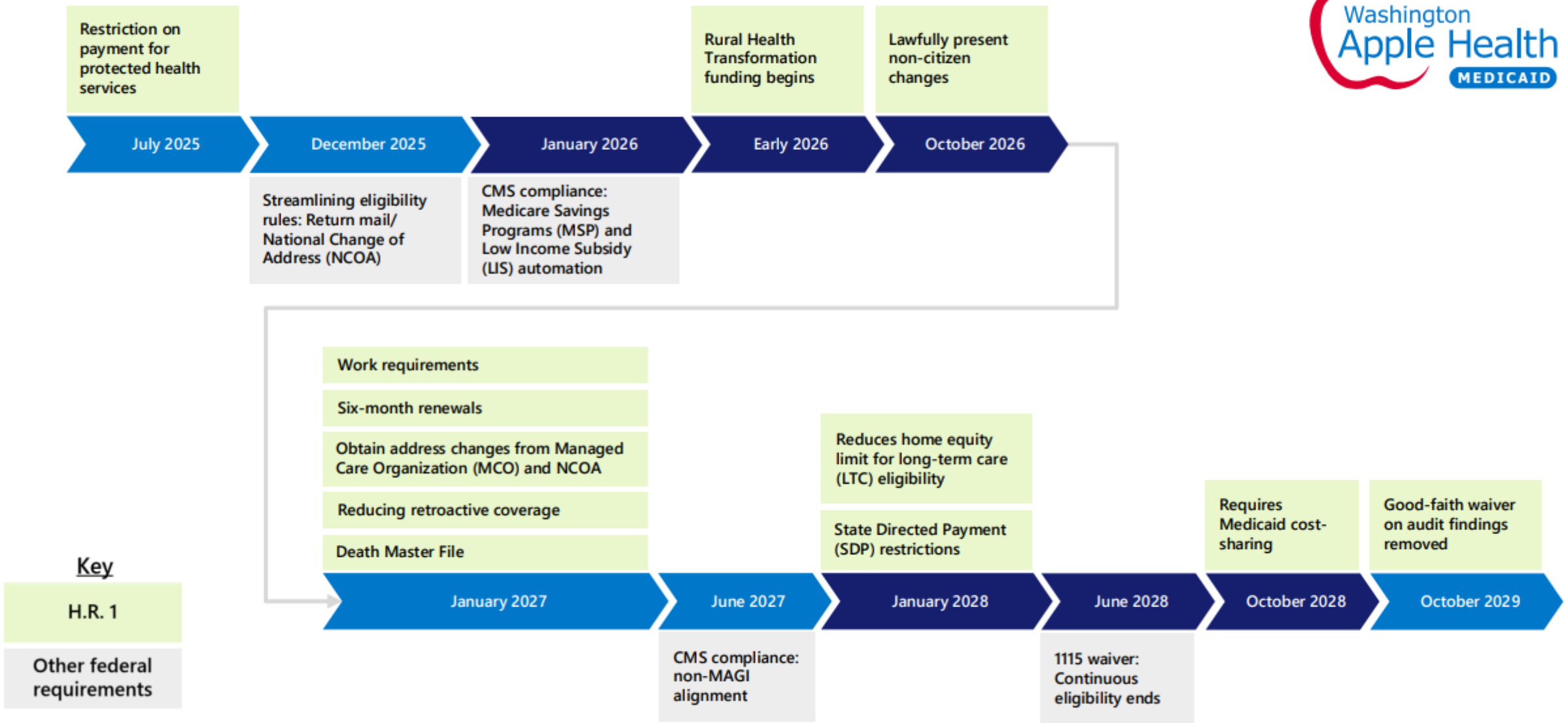
Federal health law impacts – H.R. 1

- Title XIX of the Social Security Act (Medicaid)
  - Work requirements
  - Eligibility restrictions
  - Provider tax limits
  - More frequent redeterminations
  - Funding cuts
- Affordable Care Act (ACA) – Public Law 111-148
- Title XXI of the Social Security Act (CHIP)
- Title VIII of the Social Security Act (Medicare)

Overview of H.R. 1 Medicaid provisions

- H.R.1 was signed into law on July 1, 2025, and contains numerous provisions that impact public benefits.
  - Hundreds of thousands of Medicaid-eligible Washington residents will be impacted
- Apple Health (Medicaid) eligibility provisions include changes to:
  - Apple Health for Adults
    - Increased redeterminations
    - Establishing work requirements
    - Cost-sharing
  - Eligibility for non-U.S. citizens
  - Retroactive coverage periods
  - Verifications of death and address changes

Compliance timeline



Note: There are unknown future state regulatory impacts not captured on this timeline. Last updated in January 2026.

Work requirements

Apple Health for Adults eligibility

- Apple Health for Adults is a Medicaid program established by the Affordable Care Act
- To qualify for the program, individuals must meet the following guidelines:
  - **Age:** 19-64 without Medicare
  - **Income limit:** Under 138% federal poverty level (FPL)
  - **Citizenship and immigration requirements:** must meet requirements per WAC 182-503-0535
- Applications for coverage are submitted through Washington Healthplanfinder portal

Work requirements

- Beginning January 1, 2027, a new eligibility criteria for all individuals applying for or renewing Apple Health for Adults will be required
  - Individuals will need to either meet work requirements or qualify for an exemption
- Work requirements do not apply to any other Apple Health programs

Work requirements criteria

- Work requirements are met when an individual meets one of the following:
  - Has at least $580 in average monthly income
  - Enrolls in an educational program at least half-time
  - Participates in a work program at least 80 hours per month
  - Completes at least 80 hours of community service
  - Has a combination of hours of work, community service, work program, or educational program totaling at least 80 hours per month

Work requirement exemptions

- Individuals who do not meet work requirements may be eligible for Apple Health for Adults when they meet an exemption:
  - Pregnant or in postpartum period
  - Under age 19
  - Foster youth or former foster youth under age 26
  - Tribal members
  - Parent/caretakers of children under 14
  - Household member of SNAP (food assistance)or TANF (cash assistance)
  - Parent/caretaker of individual with disability
  - Entitled to Medicare Part A or B
  - Incarcerated or within 90 days post-release period
  - Medically frail
  - Alcohol or substance use disorder treatment (AUD/SUD)
  - Disabled veteran with 100% total disability
  - Short-term hardship

Self-attestation

- Self-attestation will continue to be accepted for the following:
  - Pregnancy and postpartum
  - Children under age 14
  - Tribal membership
  - Foster care alumni
  - Under age 19

Verifying work requirements

- As it is today, verification may be required when data sources cannot verify an individual's attestation
- When this occurs, a letter is sent asking for proof of the work requirement or exemption
  - Individuals will have 30 days to provide the requested information
  - It is the individual's responsibility to provide the proof of the verification to avoid denial or termination
- Existing post-eligibility review (PER) process for household income is not changing

Hospital considerations

- How can you tell if a patient is traditional or expansion?
- Do you have connections to community partners?
- Can you provide volunteer experience?
- What is your role in helping patients obtain or maintain coverage?

Other H.R. 1 provisions

Prohibiting payment for protected health services

- Prohibits federally funded Medicaid payments to nonprofit organizations that primarily engage in family planning services or reproductive services and provide abortion services.
- Applies for 1 year, from date of enactment (July 4, 2025).
- Reducing federal funding by over **$11 million** a year for family planning services in Washington.
- **Washington committed to funding services for these critical providers with state resources.**

Rural Health Transformation Program

- H.R. 1 created a $50 billion Rural Health Transformation Program (RHTP)
- WA received **$181 million for year 1 of the program**
- States must use funding for at least three CMS-designated categories:

Prevention and chronic disease	Provider payments	Consumer technology solutions	Training and technical assistance	Workforce	IT advances

Right-sizing care availability	Behavioral health	Innovative care models	Capital expenditures and infrastructure*	Community collaboration

Non-U.S. citizen definition change

- Effective October 2026, eligibility for lawfully-present non-U.S. citizens changes
  - Limited to lawful permanent residents, certain Cuban/Haitians, and Compact of Free Association (COFA) islanders
- Expect roughly 20,000 individuals to lose Medicaid, including 2,700 individuals receiving long-term care or developmental disability services
- Awaiting CMS guidance, current assumptions:
  - Clients may be eligible for other programs like Medical Care Services (MCS) or Emergency Medical (AEM), pregnancy/postpartum, and Family Planning Only programs
- Children and pregnant people are eligible for Apple Health regardless of immigration status when they meet all other requirements

Six-month redeterminations

- Effective January 2027, Apple Health for Adults certification period is reduced from 12 months to six months
- Impacts roughly 602,000 individuals
  - Excludes American Indian and Alaska Native (AI/AN) individuals.
- Additional burden for individuals who must manually renew their coverage
  - Today, approximately 20% must manually renew
- HCA, the Health Benefit Exchange, navigators, and assisters may see an increase in their workload due to higher call volumes and requests for assistance with redeterminations and income verifications

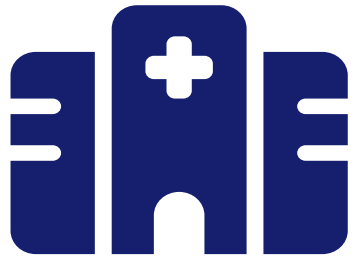
Retroactive coverage period reduction

- Today, retroactive coverage is available for individuals who may need coverage prior to their initial application date when they have outstanding medical bills
  - Currently, coverage may be provided up to three months prior to application
- Effective January 2027, the retroactive period is reduced to:
  - One month for Apple Health for Adults
  - Two months for all other Apple Health programs
- Do hospitals have the processes in place to meet these timelines?

State-directed payments (SDPs) and provider taxes

- Prohibits new provider taxes and ramps down existing provider taxes.
  - Decreases existing providers taxes by 0.5% per year beginning in 2028
  - From 6% to 3.5% of new revenue
- Prohibits new SDPs from exceeding Medicare payment levels and reduces existing SDPs to Medicare levels.
  - Reduces existing SDPs by 10% per year beginning in 2028 until they reach Medicare levels.
  - Applies to inpatient and outpatient hospital services, nursing facility services, and certain services provided at an academic medical center.
- Provider taxes and SDPs allow states to draw down federal funds to support local health system needs and directly invest in providers and facilities.

Impact of SDP restrictions



Hospitals

Existing SDPs support hospital services, which include the Hospital Safety Net Assessment and payments to the University of Washington. H.R. 1 will reduce payments **by over $1.5 billion annually, once in full effect**.

Impact of cost-sharing requirements

- Beginning Oct. 1, 2028, requires adults to pay cost-sharing of up to $35 for many services.

Forces out-of-pocket spending for individuals who may be earning as little as $16,000 per year

OR

Drives individuals to forgo care

Other Medicaid provisions

- Reduction in the Home Equity Limit to one million dollars, effective January 2028.
  - Long-term services and supports (LTSS) eligibility factor on how much of home is not countable.
- Address verification increased frequency effective January 2027.
  - Builds upon changes made during PHE unwinding.
- Apple Health for Adults cost-sharing effective October 2028.
  - Applies to individuals with income over 100% federal poverty level (FPL).

Other federal activity

New federal rules

- In April 2023, HCA entered mitigation with CMS for non-compliance with Classic ex-parte (automated) renewals.
  - Compliance date: June 2027
  - Compliance with mitigation and the eligibility rules is met by moving Classic financial eligibility to Washington Healthplanfinder.
- Managed Care Access rules require increased oversight of SDPs, network adequacy, and quality reporting in managed care.
- Prior Authorization rules require increased oversight and policy changes related to clinical guidelines and turnaround times

Gender-affirming care (GAC)

- Federal District Court in Oregon invalidated December 2025 HHS Declaration that GAC for youth fails to meet recognized standards of health care.
- CMS contemplating two rules:
  - **Hospital Conditions of Participation Rule (CMS-3481-P):** Proposes prohibiting hospitals from providing certain services to patients under 18 in order to participate in Medicaid and Medicare
  - **Medicaid/CHIP Funding Rule (CMS-2451-P):** Prohibits federal funding for certain procedures for individuals under age 18
    - Or under age19 for children enrolled in CHIP

Data privacy

- In June 2025, Washington became aware that CMS shared Medicaid data from a number of states with the Department of Homeland Security (DHS).
  - To participate in federally funded programs, states are required to share enrollment and claims information with CMS.
- Federal District Court issued an injunction in mid -August, prohibiting DHS from using Medicaid data for immigration enforcement.
- In December, the court rules that CMS could provide DHS data on individuals who are not lawfully present.
  - **Data sharing is limited to name, citizenship and immigration status, address, phone number, and Medicaid ID number.**
  - **Litigation remains active.**

Fraud, waste, and abuse (FWA)

- Published a RFI on new Comprehensive Regulations to Uncover Suspicious Health Care (CRUSH) strategy
- March Executive Order will establish task force to eliminate fraud
- 11 states, including WA, received requests for detailed responses to FWA questions from House Energy & Commerce Committee
  - Held oversight hearing on March 17
- CMS shifting from disallowing to withholding federal payments

Next steps

Implementation approach

- Build and update systems focusing on:
  - Least burdensome processes for clients
  - Client experience
  - Continuity of coverage
  - Administrative efficiency
- Establish a collaborative communication plan with partner organizations, including state agencies, providers, Tribes, hospitals, community-based organizations, and others
- Remain flexible and adjust approach as federal guidance is received

Customer outreach

- Continue strong customer communication focusing on client experience and least burdensome processes
- Keep informed of all changes ahead of impact timeframes utilizing:
  - Letters
  - Customer-focused webpage
  - Text messaging, email, videos, paid advertisements (dependent on outcome of budget)
- Developing H.R.1-specific questions pathway for clients and providers using the Health Care Authority (HCA) support portal.

WSHA next steps

- H.R. 1 Implementation workgroup
- Governance and education
- H.R. 1 Website

Questions and contact

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Resources

Resources

- Audience-specific webpages:
  - For clients: Changes coming to Apple Health
  - For stakeholders: H.R.1 impacts
  - For community: Supporting clients with changes to Apple Health
    - hca.wa.gov/support-client-changes
- Stay connected with us:
  - Sign up for Apple Health announcements
    - Select Apple Health programs and eligibility “general information and updates”

Stakeholder webinars

- HCA will hold quarterly stakeholder webinars providing H.R.1 updates.
- 2026 H.R.1 webinar dates
  - Session 1: View the webinar | Presentation slides
  - Session 2: June 4 at 10 a.m.
  - Session 3: September 3 at 10 a.m.
  - Session 4: December 3 at 10 a.m.
- Sign up for announcements to register for future webinars
  - public.govdelivery.com/accounts/WAHCA/subscriber/new