



CONGRESSMAN DOUG LAMALFA

Medicaid: Key Provisions in the Budget Reconciliation Law

This document outlines the core changes coming to Medicaid in the budget reconciliation law. These changes are designed to enhance program efficiency, promote work, and strengthen accountability, while ensuring those eligible for benefits continue to receive them.

Changes to Medicaid

This law introduces new requirements and funding adjustments for the Medicaid program:

- **Updated Work Requirements:**
 - More adults will be required to work, volunteer, or participate in job training to receive Medicaid. This includes able-bodied adults without children, and parents whose youngest child is 14 or older, unless they have a disability.
- **Adjustments to State Funding:**
 - States that expanded Medicaid eligibility beyond traditional populations will see a gradual adjustment in certain healthcare taxes they collect (called "provider taxes") used to obtain additional Federal funds. These rates will be phased down from 6% to 3.5% by 0.5% each year, starting in 2028.
 - This adjustment is intended to encourage states to increase their direct financial contribution to their Medicaid programs when they expand eligibility beyond what is required by the Federal government.
 - Existing provider taxes will initially remain at their current rates.
- **Modifications to Healthcare Provider Payments:**
 - Federal rules are reformed on how states pay hospitals and other health care providers that serve a high proportion of Medicaid patients through State Directed Payment (SDP) programs. This will affect *all* existing SDP programs, requiring them to comply with new federal limits.
 - This adjustment is intended to close loopholes that allow states to obtain more Federal funds without increasing care or state funding for its Medicaid program.
- **Rural Transformation Program:** A new **\$50 billion** fund will be established through the Centers for Medicare & Medicaid Services (CMS) to support state investments in rural health and provide direct support for rural hospitals and providers. **The distribution of these funds within California will be at the discretion of the Governor.**
- **Program Integrity Measures:**
 - New provisions will limit federal funding for Medicaid services if a person's citizenship or immigration status is not fully verified by the end of a designated period.
 - States will be required to regularly check for duplicate enrollments across state Medicaid programs and to remove deceased individuals and providers from Medicaid rolls.
 - Eligibility for Medicaid expansion enrollees will now be re-checked every six months.
- **Revised Eligibility for Non-Citizens:** The types of non-citizens eligible for Medicaid will be more narrowly defined. States that choose to provide coverage to non-citizens through their Medicaid programs will receive a reduced federal matching rate (from 90% to 80%) for those expenditures.