

Today we will talk about:

- This week in the state legislature.
- Congress, mostly preoccupied, but already starting the 2027 federal budget process.
- 2026 federal budget passed, but it looks like the administration is ignoring what Congress said, and delaying appropriated funds from going out.
- Policy changes the administration is making: CMS Director leading the messaging on Medicaid fraud, CMS temporarily halts accepting new providers of durable medical equipment, CMS says it won't pay \$250 M worth of Medicaid reimbursements in Minnesota, CMS accuses California of fraud in Medicaid home health care, CMS sends New York a letter accusing state of Medicaid fraud.
- Continued coverage of impacts of HR 1. Families defend against Idaho Medicaid cuts, Dentistry services could be another target for Medicaid cuts, new analysis shows \$648 B impact on state budgets from Medicaid cuts, 9 Western states say how they think cuts will impact disability services, “prove you're working/exempt” requirements will cost states, and HR1 will impose financial penalties for states with too many Medicaid mistakes.

Weekly Update

March 6th, 2026

Federal Funding Fallout 2026

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3/5/2026

Around Wisconsin

We have a
lot to say.

This week in the legislature

The Joint Finance Committee scheduled a 13.10 hearing this week. DVR funding was not on the agenda

The JFC committee will likely meet one more time before the State Senate ends their session (likely March 18th).

The State Senate is deciding which bills already passed by the Assembly it will schedule a vote on.

Two items—FoodShare funding attached to AB 180, letting people in MAPP inherit money without losing Medicaid eligibility (AB 253) must pass the Senate.

One item—bill that would let hospitals pick decision makers (AB 598) would die if the Senate does not schedule a vote,

This week in the legislature

Bills are still being introduced.

These bills cannot become law this session because they are being introduced after the Assembly has ended its session.

Sometimes legislators introduce bills to communicate positions they want voters to know about.

Sometimes legislators want to get ideas out that they intend to introduce next session.

Often, the same bill may be introduced many times.

This week a bill that would make Assisted Suicide legal in Wisconsin was introduced.

Many advocates are concerned legalizing assisted suicide would negatively harm people with disabilities.

This bill is something to watch for next session.

Bill introduced to legalize assisted suicide

- [LRB-5643 Memo](#) Lets people over 18 who are mentally capable who have a terminal illness request medication for the purpose of ending their lives.
- Some disability, aging and other advocates are concerned that people with high care needs are at risk of being steered toward suicide
- As health care and long term care costs increase, advocates worry people may view suicide as an option to prevent high costs, preserve family assets, or avoid debt.
- The current HCBS system does not provide all the help people need. As these systems are cut, become more difficult to get or use, and serve fewer people the lack of community supports may steer more people to suicide.
- In Canada, an insufficient HCBS system is linked to more people with disabilities requesting suicide, especially when unpaid caregivers die and the system does not provide the care needed.
- You can contact your legislators with your thoughts on assisted suicide.

FoodShare funding attached to bill that makes changes to what people on FoodShare can buy

The Assembly amended [AB 180](#) to include most of the funding and positions DHS needs to meet new federal requirements that were included in HR 1.

AB 180 also tells DHS they must ask the federal U.S. Dept. of Agriculture for permission (a waiver) so that people who use FoodShare could not use FoodShare to buy candy or soft drinks. Some other states already have waivers that restrict what people can buy with SNAP.

The policy in AB 180 that limits what people can buy with FoodShare sets up different standards for what people can choose to eat based on how they can pay for food items.

It can be hard for people to know what they can and cannot buy and systems must be built to help retailers know what products are ok or restricted for customers who use FoodShare to pay.

However, the FoodShare funding included in the bill is needed now to make sure the state can avoid mistakes that could mean much higher costs and so FoodShare dollars can continue to support people who need help to buy food and the businesses that sell people food.

The state Senate would need to pass AB 180 so FoodShare can get the money it needs.

Action steps you can take:

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1

Contact your State Assembly Representative and thank them for supporting more funding for FoodShare.

2

Contact your State Senator and ask them whether they support additional funding for Foodshare, and whether they support AB 180.

Assembly passes bill that lets hospitals pick decision makers

AB 598 passed the State Assembly after being amended four times, including two sub-amendments that were introduced the same day the bill was scheduled for a vote.

The four amendments do not address the core issues that patient advocates feel put patients at risk of exploitation and abuse or resolve any of the practical issues that the bill creates.

The sub-amendments that were made to the bill raise additional questions.

Patient advocates do not believe this legislation will resolve the issue it seeks to address.

The bill still must pass the State Senate. If the Senate does not act, the bill cannot become law.

Concerns about bill that lets hospitals pick decision makers

Wisconsin has deliberately designed its statutes and regulations to safeguard the rights of individuals; this bill bypasses those protections.

The Patient's Representative gets broad authority over the person and their money, where they live, and their medical care, without court oversight.

The Patient Representative's authority continues indefinitely.

The bill does not say the patient has to be re-evaluated to see if they can make their own medical decisions.

It is unclear how the financial powers granted to the Patient Representative interact when there are other people with the same decision making authority or are equal owners of money/assets.

Courts do not have adequate oversight authority to prevent or respond to abuse, and cannot remove Patient Representatives.

If a Patient Representative no longer wants the role or becomes unable to do it (becomes incapacitated, dies, etc.) the bill does not say what happens.

While the bill expires in three years, there not enough data being collected to evaluate the impact of the law on patients and families.

AB 598 is broader, and grants much more expansive powers than any other state's Next of Kin laws.

Action steps you can take:

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1

Contact your State Senator and tell them your concerns about this bill.

Status of other disability related bills



The Assembly **passed** AB 253 which would let people in **MAPP** inherit money without losing eligibility for MAPP. **If the Senate does not act, the bill cannot become law.**



The Assembly **did not act** on SB 795, passed by the Senate, which would have let caregivers list up to three people who rely on them for care as part of their driver's license record in case of emergency. **This bill cannot become law now.**



The Senate and Assembly passed AB 019, which makes the penalties for certain crimes against people with disabilities ("adults at risk") the same as the penalties for certain crimes against older adults ("elders at risk"). **The Governor will decide whether to sign the bill into law or veto it.**



The Senate and Assembly passed AB 614, which lets teachers decide which students they keep in class. **The Governor will decide whether to sign the bill into law or veto it.**

Will a special session be called to reduce revenue in exchange for short-term spending wins?



The Governor and Assembly Speaker have said publicly they are talking about reducing revenue (tax cuts) in exchange for some spending increases now.



There are some rumors that one of the spending increases might include a short-term fix for the current budget's shortfall in special education funding.



Advocates do not believe these talks are going to result in long-term fix on how special education is funded to ensure that the reimbursement level promised in the state budget matches actual costs schools have.



Reducing revenue (tax cuts) means that there will be less money next budget to respond to federal funding cuts and meet increasing needs.

Wisconsin is at least \$500M short of what is needed to do what we are doing now.

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\$70 M requested to for SNAP to meet new federal requirements from HR1



\$140 M shortfall in what was promised for special ed for year one. (Shortfall for year 2 of budget is not known yet).



\$11 M shortfall for DVR, waiting list imposed.



Wisconsin Medicaid projects \$213 M deficit by June 30, 2027.



\$218 M shortfall for 22 appropriations where revenue from fees helps fund programs.



LFB releases revenue projections noting higher tax revenue than expected, but also uncertainty that a CMS interpretation could result in a \$792 M Medicaid shortfall.

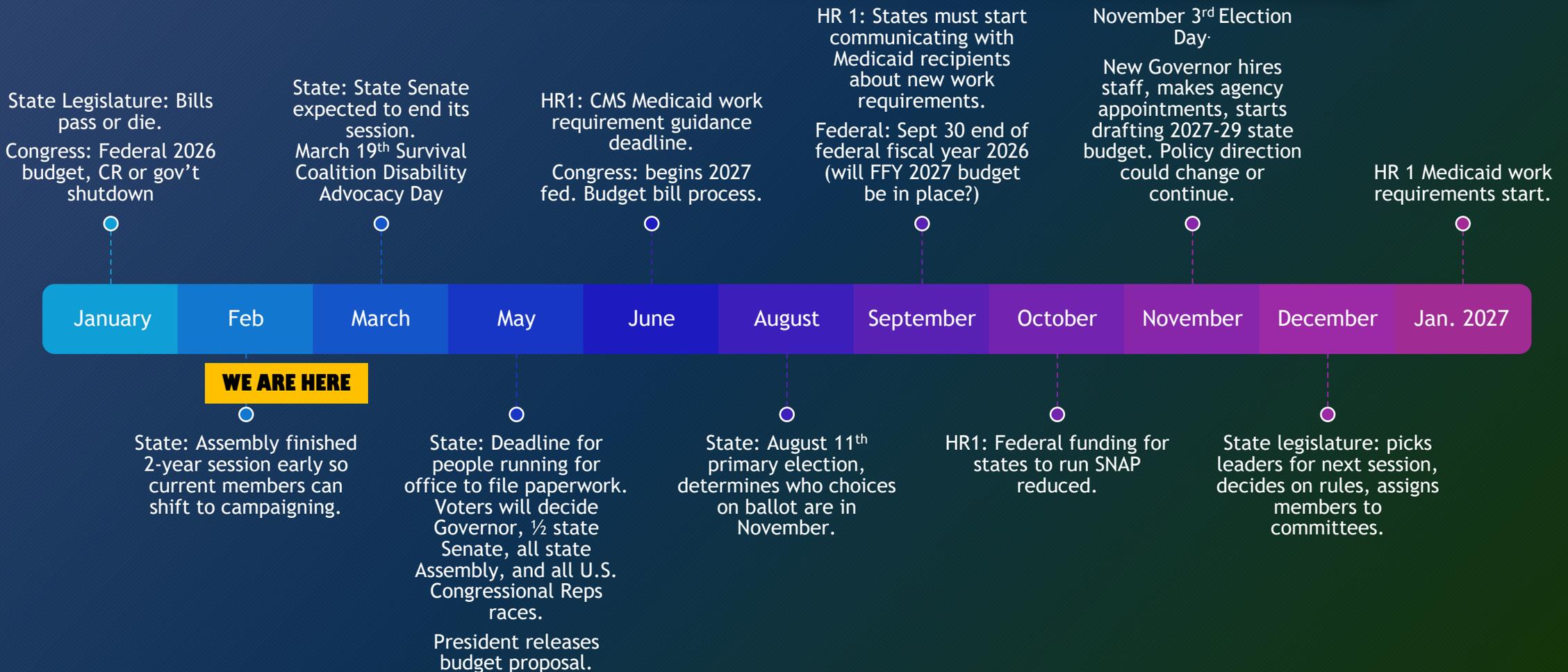


Unknowns that could be budget busters: state reinsurance fund (ACA Marketplace), removing caps from school voucher programs.

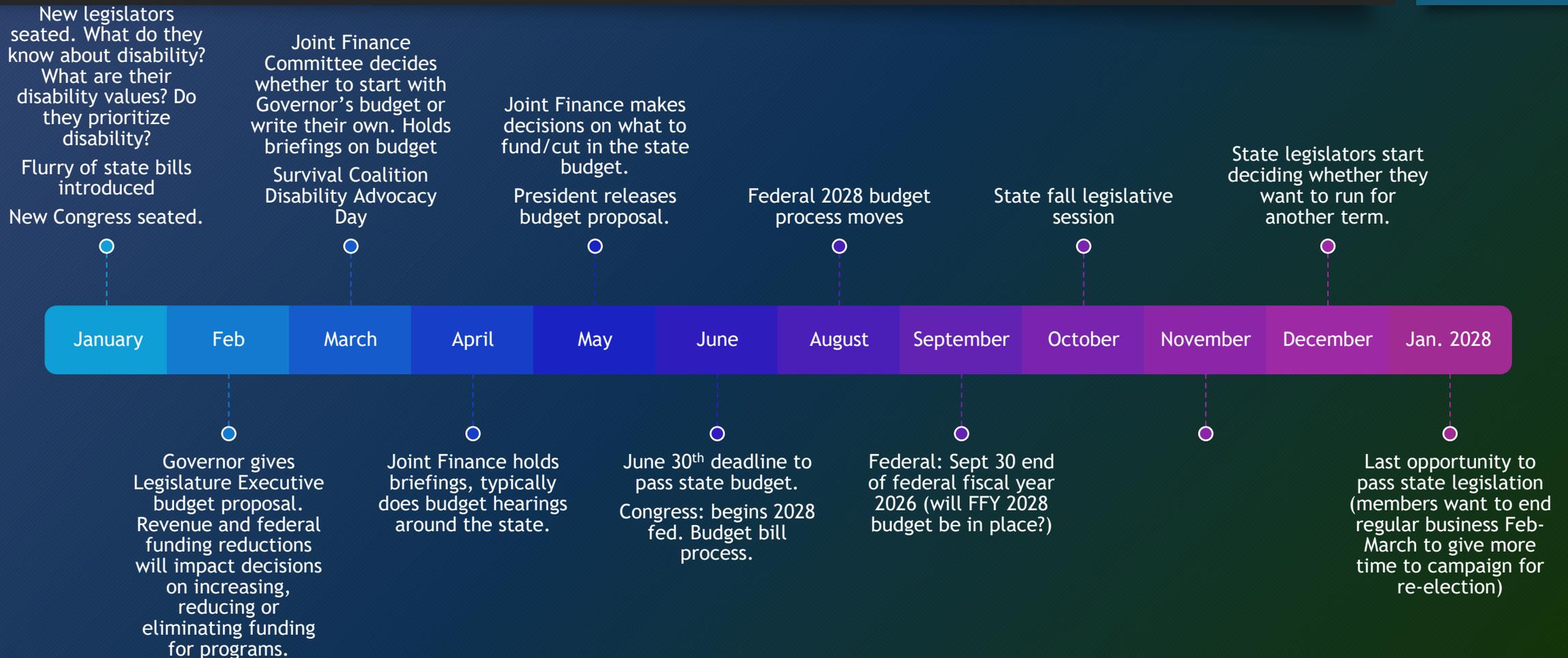


Cuts or elimination of federal grants that have supported state, county, and local programs may create new budget holes or funding gaps.

Buckle up: 2026 is going to be a big year to make sure disability issues are priority issues



2027 is when states feel impact of federal funding cuts.



Congress

What are
they doing?
(and not
doing)

Congress is preoccupied

All attention is focused on the new conflict in the Middle East.

The partial shutdown of the Dept. of Homeland Security continues.

The Administration has hinted they may request more funding for the military outside the budget process to restock and finance the current conflict.

The President's budget is rumored to be coming out in late April.

The federal 2027 appropriations process is starting.

Sen. Baldwin is on appropriations committee and is soliciting ideas through March 2026 on funding levels for federal programs

You can submit 2027 appropriation requests:
<https://www.baldwin.senate.gov/help/appropriations>

Administration

Administrative
rules, Federal
Agency Actions

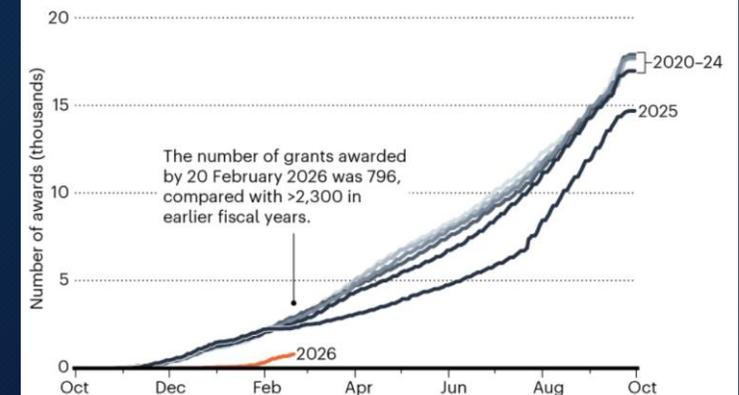
White house stalls release of approved U.S. Science budgets

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- The US Congress rejected sweeping cuts to science agencies but much of the money is not making it to researchers
- The White House Office of Management and Budget appears to be using administrative strategies to delay or prevent release of funds
- New grants are not getting funded, already funded grants are not getting paid, and non-competitive renewals are being held up.

GRANT SLOWDOWN

The US National Institutes of Health has so far awarded about 30% as many new grants and competing renewals* during fiscal year 2026* as it had by this time in each of the past six years. A record-long US government shutdown in October to November 2025, and a delay from the White House in the approval of funds, have slowed these awards to a trickle.



*Competing renewals are requests for more funding on existing grants and compete with new funding applications. *The fiscal year runs from 1 October 2025 to 30 September 2026. ©nature

<https://www.nature.com/articles/d41586-026-00601-0>

Despite Congress saying no, the U.S. Dept of Education continues to dismantle itself

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- Congress included language in the explanatory statement for the 2026 federal budget that said no authorities exist for the Education Department to transfer its responsibilities to other federal agencies.
- In February, the U.S. Dept. of Education made two new agreements late to transfer management of education-related programs to other federal departments.
- The Congressional language was not enough to stop the administration from moving forward with plans and Congress is not (yet) objecting to the agency going against Congressional intent,



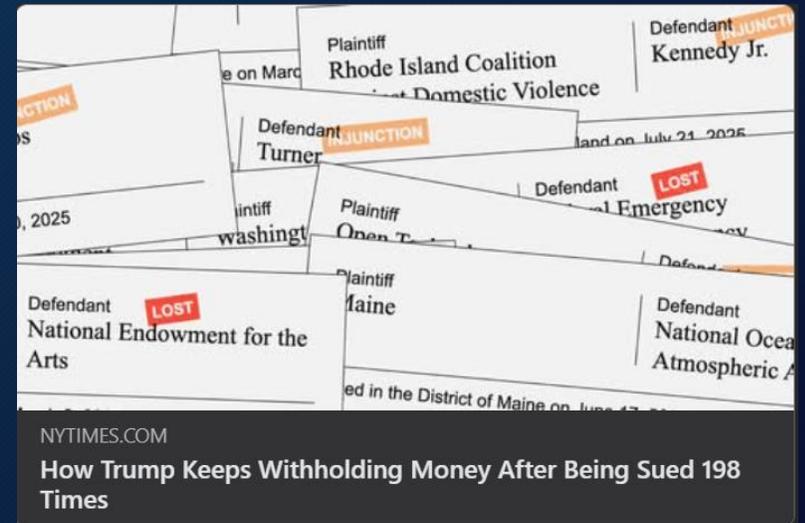
DISABILITYSCOOP.COM

<https://www.disabilityscoop.com/2026/03/02/special-education-in-limbo-as-ed-department-sheds-more-responsibilities/31880/>

Trump Has Been Sued 198 Times For Withholding Funding. It Hasn't Stopped Him.

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- Trump's administration has withheld billions of dollars in federal funding to coerce states, punish opponents, remake programs and impose his views.
- The administration has also cancelled funds that were already awarded; imposing new conditions on future grants don't match federal rules; and blocked money to whole programs and agencies created by Congress.
- The administration has been sued 198 times so far over changing/stopping/taking back funding without the consent of Congress.
- The courts have repeatedly ruled against the administration. The administration has continued behaving the same way after losses in court.



<https://www.nytimes.com/interactive/2026/03/03/upshot/trump-funding-lawsuits.html>

Up to Congress to make sure federal funding is spent as they intend

22

01

What will Congress do to provide oversight and enforce that Congress's spending directives are followed by the administration?

02

What will Congress do if the administration freezes, impounds, redirects or restricts funds to states and programs?

03

What will you do make sure the funds Congress appropriates are spent as directed and in a timely manner?

04

What will you do if the administration does not spend money as Congress directed?

Lights, camera, fraud: Dr. Oz takes fraud-busting on the road

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- Dr Oz, CMS Director, is explaining the ways the Trump administration is fighting waste, fraud and abuse in health care.
- The Trump administration hopes to find an audience eager to believe the fraud message and Dr. Oz's simple way he explains complex topics.
- Videos show Oz in Minnesota, California and Florida pointing out enforcement actions as well as how fraud is committed
- It is a strategy Republicans hope will be a winning message on health affordability.
- They hope to blunt attacks over Medicaid cuts, rising health premiums and axed federal programs.



Illustration by Jade Cuevas/POLITICO (source images via Getty Images and iStock)

<https://www.politico.com/news/2026/02/27/lights-camera-fraud-dr-oz-takes-fraud-busting-on-the-road-00802448>

Trump Administration Prioritizes Affordability by Announcing Major Crackdown on Health Care Fraud

- Last week [CMS announced](#) new ways it is targeted Medicaid fraud including:.
- “For decades, Medicare fraud has drained billions from American taxpayers—that ends now,” said Secretary Kennedy. “We are replacing the old ‘pay and chase’ model with a real-time ‘detect and deploy’ strategy, using advanced AI tools to identify fraud instantly and stop improper payments before they go out the door.”
- (Improper payments are not fraud. Most improper payments are paperwork mistakes. A small subset of improper payments may be criminal fraud.)
- “CMS is done trying to catch fraudsters with their hands in the cookie jar—instead, we’re padlocking the jar and letting them starve,” said Administrator Oz.

Trump Administration Prioritizes Affordability by Announcing Major Crackdown on Health Care Fraud

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- CMS deferred (is refusing to pay submitted claims) \$259.5 million of quarterly federal Medicaid funding in Minnesota to prevent payment of questionable claims while further investigation is completed.
- Deferred claims were in service areas CMS identified as having unusually high spending and rapid growth including personal care services and Home and Community Based Services.
- CMS threatened to defer more than \$1 billion in federal funds from Minnesota over the next year if it did not prove that the reimbursement requests were allowable and made other changes CMS said the state had to do.

CMS Weaponizes Fraud Against Medicaid in Minnesota

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- January 6, CMS notified Minnesota they had determined the state was in “significant noncompliance with” federal requirements
- CMS said it would withhold \$515 million in federal Medicaid matching payments each quarter going forward—over \$2 billion per year—and said “this amount may increase based on additional findings of fraud or insufficient progress towards mitigating fraud.”
- CMS said it would stop withholding money when the state implemented measures to address fraud waste and abuse in 14 “high-risk service areas” to the satisfaction of CMS.
- CMS withheld Medicaid money without having a required administrative hearing.
- The compliance action taken against the state and the deferral together can destabilize Minnesota’s Medicaid program and their overall state budget.



<https://ccf.georgetown.edu/2026/03/02/cms-weaponizes-fraud-against-medicaid-in-minnesota-part-2/>

Fallout from Medicaid Money withheld from Minnesota

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- Minnesota Medicaid Director said the way CMS withheld the money means the state will owe the federal government \$260 million for the last three months of 2025 and will not see a future Medicaid payment for this quarter until the halt is lifted.
- Without a walkback by the Trump administration or an order from the courts preventing the halt, lawmakers could face difficult budgeting choices.
- State Budget Director said fully funding those 14 programs with only state funds would cost the state \$2 billion a year.



[Disability advocate says Medicaid freeze could lead to death, homelessness](#)

[Federal Medicaid freeze totally illegal and unprecedented](#)

[Minnesota Sues Trump Administration Over \\$243M Medicaid Spending Withholding](#)

Fallout from Medicaid Money withheld from Minnesota

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- The withheld Medicaid money pays for services to keep people with disabilities in school, at their jobs, and even within their communities.
- “It’s absolutely terrifying,” Wilson said. “We have seen cases of deaths; we have seen cases of homelessness caused by services being dropped too quickly.”
- Minnesota has sued the federal government over the withholding of Medicaid money, but that but the case could take months or years to resolve.
- if a court rules against Minnesota, lawmakers would have to put in more state funding or cut services.



[Disability advocate says Medicaid freeze could lead to death, homelessness](#)

[Federal Medicaid freeze totally illegal and unprecedented](#)

[Minnesota Sues Trump Administration Over \\$243M Medicaid Spending Withholding](#)

Trump Administration Prioritizes Affordability by Announcing Major Crackdown on Health Care Fraud

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- CMS also announced they would not enroll any new Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers as Medicaid providers that could be paid by Medicaid for the next six months.
- It applies to all applications for initial enrollment and changes in majority ownership for medical supply companies.
- CMS said not letting any new providers is was a way to prevent fraudulent Medicare billing by durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) companies.
- They say it will give CMS time to find more ways to prevent fraud.

Trump Administration Prioritizes Affordability by Announcing Major Crackdown on Health Care Fraud

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- CMS says it wants to make a new administrative rule as part of their Comprehensive Regulations to Uncover Suspicious Healthcare (CRUSH) initiative that would put new requirements in place for states in the name of preventing fraud.
- CMS wants people to suggest ways to prevent, detect, and respond to fraud, waste and abuse and program inefficiencies.
- You can submit by March 30, 2026 at: <https://www.federalregister.gov/public-inspection/2026-03968/request-for-information-comprehensive-regulations-to-uncover-suspicious-healthcare>

CMS suggests home care fraud in California

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- In a video posted on X Tuesday, the CMS director accused California of major fraud, specifically highlighted spending on in-home supportive services and home health care.
- The CMS director suggested an increase in spending on home care services and an increase in the number of home health providers as a reason to suspect fraud.
- He suggested that the amount California is getting for home care services takes away funding that could provide care in other states.



<https://homehealthcarenews.com/2026/01/dr-oz-demands-action-to-root-out-in-home-care-fraud-in-california>

CMS suggests home care fraud in California

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“California shares the problems that we are seeing in Minnesota with in-home supportive services,” Oz said. “What are these? They include personal care like bathing or grooming, household tasks, cleaning and cooking, shopping, transportation. Now, these are tasks that your family could do for you, but having the government pay has generated some significant cash for unethical people.”



<https://homehealthcarenews.com/2026/01/dr-oz-demands-action-to-root-out-in-home-care-fraud-in-california>

**CMS letter suggests
New York HCBS
services have lots
of fraud because
they are used a lot**

March 3rd New York got a letter from CMS requesting detailed information about program integrity and Medicaid provider screening.

The CMS letter says “Recent public reporting, federal prosecutions, and CMS analyses raise serious concerns about New York’s oversight of personal care, home health, adult day care programming, NEMT, and behavioral health services.”

The letter notes higher per capital spending and higher workforce use patterns as reasons they suspect Medicaid fraud.

The letter also notes New York’s “expansive benefit structures and excessive provider payments” are reasons for spending that CMS thinks is too high.

Advocates worry this letter may mean CMS is intending to withhold or take back Medicaid money from New York.

CMS sent letter to many states suggesting Medicaid fraud

CMS testified that Medicaid programs experiencing high rates of fraud include ABA, NEMT, HCBS, lab services, SUD treatment, and hospice.

Each letter asks for responses on 10 questions related to program integrity.

These letters use isolated incidents of fraud in specific cases to claim that HCBS and the other named services are at high risk for fraud.

Each letter also says “(State) broadly defines Medicaid eligibility and administers several programs that are considered high risk for fraud and then lists services CMS suggests have fraud.

CMS sent letter to many states suggesting Medicaid fraud

Nebraska: ABA, HCBS including personal assistant and personal care services, and behavioral health

Pennsylvania: HCBS, such as personal and home care services and behavioral health

Oregon: HCBS, such as consumer-employed provider (CEP) program, SUD, and nursing home services

Maine: rehab and community support services for children with autism, and HCBS such as home health and interpreting services.

- 2/6/26 CMS letter notes trends in behavioral health billing, interpreting services, psychosocial rehab services, HCBS personal care services, and residential habilitation services.

Colorado: NEMT, ABA, and genetic lab services

Washington State: clinical lab services, DME, and behavioral health and SUD treatment

Massachusetts: NEMT, Personal Care Attendant program, home health, and clinical lab services

Continued coverage of impact of Reconciliation bill

Lots of
articles to
share.

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Iowa: Trump's Cuts to Medicaid Threaten Services That Help Disabled People Live at Home

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- Patient advocates say state administrators in Iowa appear to be reining in Medicaid spending by cutting what are known as HCBS services for people with disabilities.
- Cuts and proposed rule changes appear to be part of a quiet attempt to save money in response to the state's budget deficit and expected reductions in federal Medicaid funding.
- Multiple families are reporting they are being notified of impending cuts in coverage
- In One family said the private company managing their son's Medicaid coverage intends to cut nearly 40% of what it spends for caregivers who help him live at home instead of in a nursing home.
- Disability rights advocates expect the pressure to intensify as states respond to reductions in federal Medicaid funding



KFFHEALTHNEWS.ORG

Trump's Cuts to Medicaid Threaten Services That Help Disabled People Live at Home - KFF Health News

<https://kffhealthnews.org/news/article/medicaid-cuts-disabilities-home-community-based-services-iowa>

Idaho: Families Defend Disability Services Amid Medicaid Cuts

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- Idaho is positioning to slash Medicaid funding as state lawmakers grapple with the effects of the federal One Big Beautiful Bill Act, which President Donald Trump signed into law last year. On the table are in-home care services
- Across the country, people with disabilities and their families are confronting similar plans to cut Medicaid as states grapple with budget challenges compounded by HR 1.
- Many cuts included in the GOP bill, which President Donald Trump signed into law in July, haven't yet taken effect, but the law is already impacting state budgets, particularly in states that align their tax rules with federal regulations.
- **“We just hold our breath every legislative session,” Grant said. “I feel like I’m always trying to prove their worth, to prove their value, and it’s exhausting.”**



<https://kffhealthnews.org/news/article/medicaid-cuts-disabled-in-home-care-idaho-one-big-beautiful-bill>

[Idaho considers an ‘apocalyptic’ choice for disabled people and families](#)

Idaho: Families Defend Disability Services Amid Medicaid Cuts

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- Medicaid covers over 300,000 people in Idaho. the federal government picked up 80% of the state program's \$3.6 billion tab in 2023.
- Tapping the state's \$1.3 billion in reserves to fill the \$22 million gap was a nonstarter.
- Senate Minority Leader pointed out that five years of tax cuts have cost the state \$4 billion in lost revenue, including \$453 million last year.
- It's unclear whether cuts to community-based care would save Idaho money.
- For optional Medicaid programs to be approved by the federal government, states must demonstrate that they are cheaper than existing alternatives, such as being cared for in a nursing home.
- Cutting community-based care would probably push many people with disabilities into more costly institutional care.



<https://kffhealthnews.org/news/article/medicaid-cuts-disabled-in-home-care-idaho-one-big-beautiful-bill>

[Idaho considers an 'apocalyptic' choice for disabled people and families](#)

Families Defend Disability Services Amid Medicaid Cuts

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- “Without the services that he has and the care that he gets now, he would end up in a care center, and frankly, he would die,” Belknap-Brinegar said.
- While home and community-based services are technically optional parts of Medicaid, a 1999 Supreme Court decision required states to provide them to people with disabilities when appropriate.
- A Justice Department investigation found that Idaho was unnecessarily segregating disabled adults into nursing homes, in violation of that ruling.
- The Trump administration is attempting to slash access to the lawyers who help ensure those rules are followed.
- Documents obtained by the Idaho Capital Sun also show the state agency that oversees Medicaid does not think the state has enough space in its residential facilities to care for all the people whose home- and community-based services could be cut under the governor’s plan.



<https://kffhealthnews.org/news/article/medicaid-cuts-disabled-in-home-care-idaho-one-big-beautiful-bill>

[Idaho considers an ‘apocalyptic’ choice for disabled people and families](#)

Medicaid Is Paying for More Dental Care. GOP Cuts Threaten To Reverse the Trend.

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- More than three dozen states cover dental services for low-income and disabled individuals on Medicaid, in recognition of such care's importance to overall health.
- But the almost \$1 Trillion in Medicaid cuts coming from HR 1 may change that.
- State Medicaid programs typically expand or reduce benefits depending on their finances, and such massive federal cuts could force some to shrink or eliminate what they offer, including dental benefits.



<https://kffhealthnews.org/news/article/medicaid-cuts-dental-coverage-republicans-big-beautiful-bill>

Medicaid Is Paying for More Dental Care. GOP Cuts Threaten To Reverse the Trend.

42

- The federal government requires states to offer dental coverage for children enrolled in Medicaid.
- Paying for adults' dental care, though, is optional for states.
- As of last year, 38 states and the District of Columbia offered enhanced dental benefits for adult Medicaid beneficiaries,
- Most other states offer limited or emergency-only care.
- Alabama is the only state that offers no dental coverage for adult beneficiaries.



<https://kffhealthnews.org/news/article/medicaid-cuts-dental-coverage-republicans-big-beautiful-bill>

State Medicaid Budgets To Lose \$664B Under HR1: Study

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- State Medicaid budgets will shrink by \$664 billion through 2034 as H.R. 1 Medicaid cuts take effect.
- State general funds will decline by \$87 billion over the same window.
- A Feb 26th RAND study says impacts will differ by state depending on expansion status, reliance on provider taxes and the use of state-directed payments.
- Provider tax provisions are projected to reduce total state budgets by \$278 billion over the decade, and state-directed payment restrictions add another \$169 billion in losses.



<https://www.beckershospitalreview.com/finance/state-medicaid-budgets-to-lose-664b-under-obbba-study>

State Medicaid Budgets To Lose \$664B Under HR1: Study

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- Twenty states expect to see Medicaid budget reductions of 5% or more.
- Arizona, Iowa and Nevada face reductions exceeding 15% of their total Medicaid budgets.
- California and New York would see the largest overall reductions at about \$112 billion and \$63 billion, respectively.
- West Virginia, Oregon, New Mexico and Washington, D.C. are projected to see Medicaid enrollment declines exceeding 20% by 2034, driven mostly by work requirements.
- In Utah, Maryland and New Mexico, the share of expansion adults losing coverage reaches 40%.



<https://www.beckershospitalreview.com/finance/state-medicaid-budgets-to-lose-664b-under-obbba-study>

State Medicaid Budgets To Lose \$664B Under HR1: Study

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- Actual impact on coverage and access will depend on state-level decisions.
- States facing large federal funding losses must decide whether to spend more state dollars, cut enrollment, reduce provider payments, or scale back covered services (or some combination).
- The study predicts that states might cover half of the funding gap through increasing state funding
- one-third of the Medicaid spending cuts would happen through enrollment reductions; the remaining two-thirds from changes to provider payments and services.



<https://www.beckershospitalreview.com/finance/state-medicaid-budgets-to-lose-664b-under-obbba-study>

Disability service reduction survey in nine states

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- The \$1 T of Medicaid cuts in HR 1 raises doubts about states' ability to maintain home- and community-based services (HCBS) for the 15 M people with disabilities in Medicaid.
- Survey responses were from 9 Western states
- Of the states that completed the survey, 67% said provider taxes—which were capped and will be reduced under HR 1—fund one or more Medicaid disability services
- 77 % said there would be reductions in one or more key services.
- The services most at risk across respondents include case management; equipment, technology, and home or vehicle modifications; and supported employment

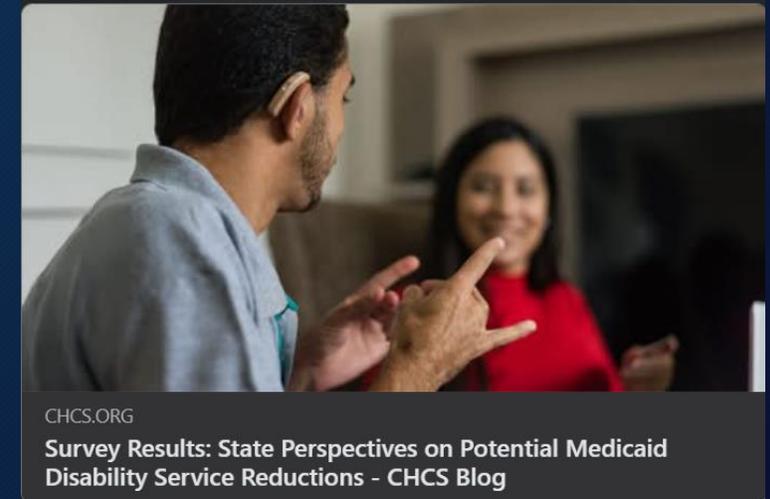


<https://www.chcs.org/survey-results-state-perspectives-on-potential-medicaid-disability-service-reductions/>

Disability service reduction survey in nine states

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- When asked which type of reductions were most likely — including reductions in services for current enrollees, provider rate cuts, and/or limits on access for new beneficiaries with disabilities — states reported a range of expectations.
- Forty-four % of states said reductions in service levels for current disabled beneficiaries were the most likely impact.
- Three states said “all of the above,” meaning service reductions, provider rate cuts, and limits on new enrollees were likely.
- Two states anticipated reductions in provider rates, two others said there could be new limits on access for new beneficiaries.
- One state said “changes in eligibility making access to LTSS harder” are likely.
- One state said none of the reductions were likely to occur,



<https://www.chcs.org/survey-results-state-perspectives-on-potential-medicaid-disability-service-reductions/>

Disability service reduction survey in nine states

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- Surveyed states were asked whether it was likely, unlikely, or unsure that state funds would replace lost federal funding to preserve the state's current Medicaid system.
- Five states selected “unsure,”
- Three states selected “unlikely,” and
- Only one state indicated that replacement funding using state dollars was “likely.”



CHCS.ORG

Survey Results: State Perspectives on Potential Medicaid Disability Service Reductions - CHCS Blog

<https://www.chcs.org/survey-results-state-perspectives-on-potential-medicaid-disability-service-reductions/>

Medicaid work requirements force states to spend millions on new technology

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- For states to gather the proof needed for Medicaid members to “prove they are working or exempt”, many states first will have to spend millions of dollars improving their computer systems.
- Each state has its own system for managing Medicaid, often requiring experts to make customized changes.
- Most will have to turn to private contractors to meet the time crunch.
- The extra money needed for technology improvements and additional staff is likely to exceed \$1 billion, according to an Associated Press analysis of budget projections in more than 25 states.
- That extra cost will be borne by a mixture of federal and state tax dollars.



<https://apnews.com/article/medicaid-work-requirements-trump-baea2561c67b0d24eddacbeb77ce6ec3>

Medicaid work requirements force states to spend millions on new technology

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- Most states don't currently collect employment or education information about Medicaid participants. So states are looking to tap into outside sources to verify job and school data.
- But there's no database of community volunteers. Or how caregivers prove they are exempt.
- And states are still waiting on federal rules — not due until June — to define some of the exceptions to the work requirements, such as how to determine who qualifies as “medically frail.”
- States face extra pressure to get it right because the federal government will start penalizing states with too many Medicaid payment errors in October 2029.

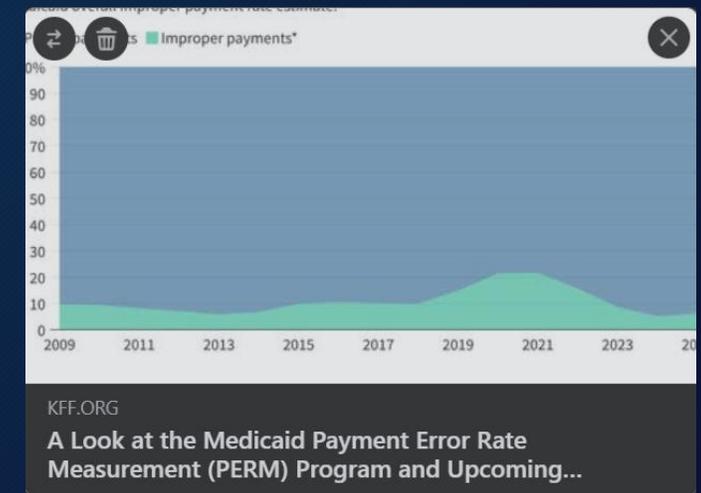


<https://apnews.com/article/medicaid-work-requirements-trump-baea2561c67b0d24eddacbeb77ce6ec3>

HR 1 will financially penalize states if they have too many Medicaid errors

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- The Medicaid Payment Error Rate Measurement (PERM) program measures “improper payments” in Medicaid to produce improper payment rates.
- Improper payments are often the result of administrative or paperwork issues.
- PERM is supposed help states reduce errors; it is not a measure of fraud against the program.
- Beginning October 1, 2029, states with eligibility error rates greater than three percent will have to repay the federal portion of the improper payment amount above the three percent threshold.

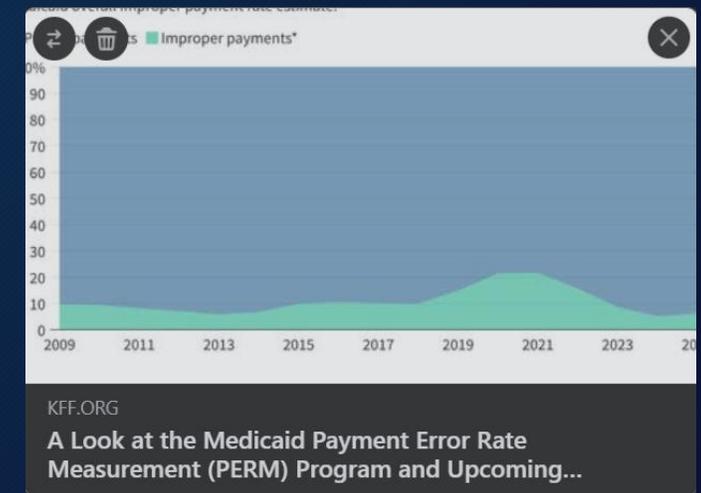


<https://www.kff.org/medicaid/a-look-at-the-medicaid-payment-error-rate-measurement-perm-program-and-upcoming-changes-and-impacts/>

HR 1 will financially penalize states if they have too many Medicaid errors

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- HR 1 also expands the types of eligibility errors that are used to calculate the financial penalty. (Insufficient documentation errors will be included).
- Based on the most recent PERM audits, nearly one quarter of states have eligibility error rates above the new threshold for penalty.
- The Congressional Budget Office (CBO) estimates that Medicaid payment reductions related to PERM could reduce federal spending in Medicaid by \$7.6 billion over ten years.



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