



COUNTY OF ORANGE

OFFICE OF CARE COORDINATION

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H.R.1 Impacts to the Orange County System of Care

Healthcare

This law cuts **Medicaid** funding by approximately \$1 trillion dollars over the next 10 years, introduces new eligibility requirements, and gives states broader discretion over coverage. The Centers for Medicare & Medicaid Services (CMS) will work with states to implement a number of these changes starting at the end of 2026, beginning of 2027.

In California, it is expected that up to 3.4 million Medi-Cal members lose coverage, more than \$1 billion in federal funding is at risk annually, and there are major disruptions for safety net services.

This law also impacts the Affordable Care Act (ACA) Marketplace as it limits enrollment opportunities, imposes new administrative requirements, restricts eligibility for immigration groups, and drastically changes affordability and coverage.

Work Requirements: Persons ages 19 to 64 who are Medicaid eligible due solely to low income, between 100-138% of the federal poverty level or also referred to as the ACA Expansion population, will be required to prove 80 hours of "community engagement activities", at a minimum, in the month prior to requesting Medicaid, and every 6 months thereafter or exemptions.

- **Impact:** In California, an estimated 3 million people may lose coverage. This would drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.
- **Opportunity:** California Department of Health Care Services (DHCS) is planning to use data sources to automatically exempt people and/or see if they meet their requirements to reduce the burden on individual Medicaid applicants and/or beneficiaries. There is an opportunity to review and assist in identifying data sources at the local or state level that can support the DHCS effort

Address Verifications: Address verifications are part of the bill's efforts to ensure that no one is fraudulently enrolled in two state Medicaid programs, despite limited data to suggest that fraudulent activity occurs. States must develop a process and submit that process to CMS by October 1, 2027.

More Frequent Re-Determinations: Individuals who qualify for Medicaid based solely on low income, will need to reverify their eligibility every six months instead of once a year.

- **Impact:** In California, an estimated 400,000 may lose coverage, which would drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.
- **Opportunity:** The OC Same-Day Solutions Fair, which is hosted throughout Orange County, can serve as an opportunity to provide same-day services and resolve issues related to mainstream benefits including Medicaid re-determinations.

Cost Sharing: Persons who qualify for Medicaid based solely on low income and with income between 100% to 138% of the federal poverty level, will now be required to share costs for coverage. This can mean monthly premiums or copays as services are delivered.

- **Impact:** This may limit timely access to healthcare as persons may delay or forgo care due to financial limitations and/or confusion about the new requirements.

Reduction for Emergency Medical: The new law prohibits states from receiving the 90% enhanced matching rate for emergency services provided to individuals who, but for their immigration status, would have qualified for the ACA optional adult expansion group.

- **Impact:** California will lose the 90% match for emergency Medicaid services, requiring increased General Fund spending and/or rollback of services covered under the emergency Medicaid benefit.

New Limits to Coverage for Lawfully Present Immigrants: The new law makes it harder for states to use federal Medicaid funding to cover immigrants who have a recognized legal immigration status, known as “lawfully present.” Before H.R.1 was passed, most immigrants who had been lawfully present in the U.S. for five years could qualify for Medicaid, and states could receive federal matching funds to support their coverage. Under the new law, this coverage option for states will only be available to a small, select number of immigrant groups including Cubans, Haitians green card holders, and those from nations that are part of the Compact for Free Association. Now, states must modify their programs to expect only federal matching funds for the limited number of immigrant groups listed above. These changes are expected to reduce access to care for many immigrants.

- **Impact:** In California, approximately 200,000 immigrant Medi-Cal members will shift from a satisfactory immigration status to unsatisfactory immigration status, thus reducing eligibility to on emergency and pregnancy related.

New Limits to Retroactive Coverage: Retroactive Medicaid coverage allows the program to pay for medical services received up to 90 days before someone officially enrolls as long as they were eligible during that time. Under the new law, states can only fund retroactive coverage for 30 days rather than the previously allowable 90 days. This means

providers who assist those obtaining health insurance can only be paid for efforts 30 days prior to coverage start dates.

Home and Community Based Services (HCBS) Expansion: One promising change in the new bill is that it allows states to apply for new HCBS waivers to fund services for people who meet certain needs as defined by the state known as “Needs Based Criteria.” These waivers will fall under a part of Medicaid law called 1915(c), which allows states to offer HBCS. What is different now is that these waivers will not require people receiving services to meet the Nursing Facility Level of Care (NFLOC) criteria for the state. These waivers can be an opportunity to expand coverage of Housing Related Services and support more people.

Housing

Does not have any provisions that directly impact the Orange County Housing Authority (OCHA); however, reductions in benefits and supportive services will destabilize households likely assisted by OCHA.

Benefits and Support Services

H.R.1 includes significant changes to the **Supplemental Nutrition Assistance Program (SNAP), known as CalFresh** in California, as the bill is expected to cut federal funding by at least \$1.7 billion to \$3.7 billion annually in California. This means that up to 395,000 people could lose their benefits which could include access to food, reduced funding for nutrition education and overall safety net for low income and middle-income individuals and families.

Modification of Work Requirements: Persons ages 19 to 64 who do not have children under the age of 14 in their CalFresh households will be required to work. This eliminates exemptions for people experiencing homelessness, adults under age 24 who were in foster care on their 18th birthday and veterans.

- **Impact:** An estimated 303,000 individuals are at risk of losing eligibility.

Noncitizens to Lose Eligibility: Noncitizen eligibility is now limited to lawfully permanent residents; Cuban or Haitian entrants; and individuals who reside in the United States in accordance with Compact of Free Association agreement. This eliminates certain lawfully present noncitizens, such as asylees, refugees, paroles, trafficking victims and others.

Limitations of Standard Utility Allowances: Limits the automatic application of the Standard Utility Allowance based on receipt of a Low-Income Home Emergency Assistance Program payment to household with elderly or disabled members.

Benefit Amounts Capped for Households with 9 or more Members: The Thrifty Food Plan is used to determine the maximum SNAP benefit allotments by household size. Effective October 1, 2025, the benefit allotment for households with 9 or more members is capped to be equivalent to 200% of the Thrifty Food Plan. Furthermore, it also limits increases in benefits due to change in dietary guidelines or rising food costs.

SNAP Education Programs Repealed: Federal funding for the CalFresh Healthy Living program will be sunset at the end of the Federal Fiscal Year 2025.

- **Impact:** This will end nutrition education services to communities with the highest prevalence of obesity and food insecurity. The program and services are part of a coordinated effort with schools, nonprofit and similar local organizations in Orange County to promote public health and prevention of chronic disease.