



CONNECTICUT
Policy and Management

Federal Update
H.R. 1, One Big Beautiful Bill Act

October 1, 2025

Federal Landscape/Overview

Separate processes underway:

1. Budget reconciliation for FFY 25 accomplished through H.R. 1, which made numerous changes to Medicaid, SNAP, Student Loans, Inflation Reduction Act programs and Tax policies. Note that additional reconciliation legislation could be passed in FFY 26.
 - Many of the major changes impacting Medicaid happen in the future and require additional federal guidance
2. FFY 26 Budget – President's budget released in June would reduce discretionary grants by 20% (13% for defense grants, 23% for non-defense), congressional process is just getting started – 60 votes necessary in Senate, so bipartisan support is needed.
3. Uncertainty regarding administration's use of executive orders, rescissions, cancellations, funding pauses, regulation, guidance, etc.

Timeline of Major Health Care Changes

Planned Parenthood Ban as a Medicaid Provider

July 4, 2025
(FY 26)

January 1, 2026
(FY 26)

- **Expiration of enhanced ACA subsidies**
- Lawfully present noncitizens (in Medicaid waiting period) with incomes <100% FPL lose financial assistance on the ACA exchange
- Change for all Bronze and catastrophic plans to be deemed HSA-eligible
- **New funding for Rural Health Transformation Program beginning (NOFO released 9/15/2025 - Application due 11/5/2025)**

Restricted definition of qualified immigrants for purposes of Medicaid eligibility takes effect

October 1, 2026
(FY 27)

January 1, 2027
(FY 27)

- **Work requirements for Medicaid expansion population (HUSKY D) take effect**
- Increased Medicaid eligibility redetermination frequency for expansion population (HUSKY D), plus restricted retroactive eligibility
- Restricts categories of legally-present noncitizens eligible for ACA exchange subsidies takes effect

Cost-sharing requirements on expansion population (HUSKY D)

October 1, 2028
(FY 29)

Medicaid Coverage Groups– Overview

Medical Eligibility Groups

HUSKY consists of three broad medical eligibility groups...

Medical Coverage Group	Provides services to . . .	Annual income limits
HUSKY A <ul style="list-style-type: none">• Parents/Caregiver relatives• Pregnant individuals• Postpartum coverage guaranteed for 12 months if active Medicaid during pregnancy• Children	Over 140,000 parents/caregiver relatives Over 330,000 children Over 23,000 pregnant or postpartum individuals	<ul style="list-style-type: none">• Parents/Caregiver Relatives = 138% FPL<ul style="list-style-type: none">• \$43,056 for a family of 4• Children's Household = 201% FPL<ul style="list-style-type: none">• \$62,712 for a family of 4• Pregnant Individuals = 263% FPL<ul style="list-style-type: none">• \$53,757 for a family of 2
HUSKY C <ul style="list-style-type: none">• Older adults and individuals with disabilities• Long-term services and supports (LTSS) have higher income limits (300% SSI)	Over 83,000 older adults and people with disabilities	<ul style="list-style-type: none">• Vary by program• For most single individuals: \$8,676• For LTSS: 300% SSI or \$34,812• General asset limit of \$1,600 (\$2,400 if married)
HUSKY D <ul style="list-style-type: none">• Age 19-64• No dependent children, are not pregnant, and do not receive Medicare	Over 313,000 adults without dependent children	<ul style="list-style-type: none">• 138% FPL• For a single individual: \$20,784• For a household of 2: \$28,207

Note: Data as of June 2024



... plus CHIP, which includes conception-to-birth coverage and coverage for children whose income is too high for Medicaid

Children's Health Insurance Program (CHIP) Coverage Group	Provides services to . . .	Annual income limits
HUSKY B Band 1 <ul style="list-style-type: none">Children with family income up to 254% FPL	Over 10,000 children under 19th birthday	<ul style="list-style-type: none">For a family of 2: \$51,918For a family of 4: \$79,248
HUSKY B Band 2 (requires premium) <ul style="list-style-type: none">Children with family income between 254% and 323% FPL	Over 4,300 children under 19th birthday	<ul style="list-style-type: none">For a family of 2: \$66,024For a family of 4: \$100,776
HUSKY B Prenatal Care <ul style="list-style-type: none">Conception-to-birth coverage for pregnant individuals up to 263% FPL who do not qualify for Medicaid due to immigration status	Over 2,100 pregnant individuals	<ul style="list-style-type: none">For single pregnant individual plus 1 unborn: \$53,757

Note: Data as of June 2024

Medicaid Impact

- Implements “work requirements” for Medicaid expansion population (HUSKY D). Unless exempt, requirement to demonstrate compliance is 80 hours per month based on federal minimum wage or 80 hours per month of community service, or some combination, effective 1/1/2027.
- Medicaid eligibility determination frequency for expansion changes from once per year to every 6 months effective 1/1/2027.
- Retroactive Medicaid coverage is reduced from 3 months to 1 month for expansion population and 2 months for traditional enrollees effective 1/1/2027.
- Increased scrutiny of new and existing Medicaid waivers effective 1/1/2027 – chief actuary of CMS must certify that waiver would not be expected to increase federal expenditures.
- Cost sharing requirement, effective 10/1/2028, for Medicaid expansion population with incomes greater than 100% of FPL; cost sharing may not exceed \$35 per service or 5% of the individual's income.

Fiscal Impact: DSS systems modifications and operations enhancements, potential reduction in federal match for those that remain on Medicaid, uncertainty about future waiver renewals, and loss of federal funds into healthcare economy for those who disenroll and remain uninsured



Health Insurance Exchange Impact

- Changes impacting Health Insurance Exchange participants:
 - Lawfully-present immigrants with household incomes less than 100% FPL who are ineligible for Medicaid because of immigration status (5,400 individuals) are no longer eligible for federal subsidies, effective 1/1/2026.
 - Eliminates recapture limitation on excess advanced payment of premium tax credits, effective 1/1/2026
 - Prohibits income-based special enrollment periods, effective 1/1/2026
 - Codifies failure to reconcile requirement for premium tax credits eligibility in a single year, effective 1/1/2026
 - Prohibits APTC and CSR eligibility for individuals that would have been enrolled in Medicaid but did not meet the work requirement, effective 1/1/2027

Anticipated Expiration of Enhanced Premium Tax Credits (12/31/2025)

- State share of impact of premium credit changes on Covered CT participants is \$7.2 million in FY 26 and \$22.8 million in FY 27.*
- Return to basic Obamacare subsidies for those between 100-400% FPL.
- Reinstate “Subsidy Cliff” – 27,900 individuals with incomes greater than 400% FPL will lose **ALL** financial assistance.
- Total exchange impact: \$353.9 million annually in lost subsidies.

**Estimated using 2025 premiums*

State Policy Considerations– Short Term

- Partial, Short-Term Backfill of Exchange Subsidies (e.g. Colorado, Maryland)
- BusinessPlus (ICHRA)
- Leveraging New Flexibility for Bronze Plans Eligible for HSA
- Exploring Different Pathways for Eligibility of Services

State Policy Considerations– Long Term

- Examining Long-Term Strategies for Insurance Affordability
- Reinsurance
 - Explore potential funding source to fund reinsurance
 - Apply for 1332 waiver to leverage federal savings to maintain Covered CT benefits and help reduce premiums across the exchange
 - Could lower premiums for unsubsidized individuals (e.g., those hit with subsidy cliff)
- Covered CT Waiver Renewal (current authority through 12/31/2027)
 - Flexibility on Covered CT program design–align with HUSKY D Copay requirements
 - Explore opportunities to support expanded subsidies with federal funding (e.g., Massachusetts)
- Pooling Small Employers and Nonprofits

Next Steps...

- Evaluate/Engage in Federal Guidance and Rulemaking
- Continued collaboration with peer states on best practices and opportunities to leverage multistate strategies
- Assess immediate needs to address FY 26 impact across various federal actions and funding deadlines
- Develop policy and budget options to be included in Governor's mid-term budget adjustments