Federal Budget Reconciliation Legislation H.R. 1

DSS Preliminary Analysis of Impacts to Medicaid Eligibility

Complex Care Subcommittee - MAPOC

July 17, 2025

H.R. 1 – Final Federal Law – Major Federal Changes to Medicaid

- Changes to the Medicaid Expansion Adult Group – HUSKY D
  - Medicaid work requirements ("community engagement")
  - More frequent Medicaid eligibility reviews
  - Implementation of cost-sharing

- Reduced timeframe for retroactive coverage across all Medicaid Programs

- Cuts to legal immigrant benefits across all Medicaid Programs
  - Preserves CHIPRA 214 lawfully residing children and pregnant women

POLICY IMPACTS

Member Impact

- Legal immigrant coverage loss
- Work requirements
- More frequent eligibility checks
- Cost-sharing
- Decreased retroactive eligibility from 3 months to 1 month (HUSKY D) and 2 months for other Medicaid coverage groups

State Budget Impact

- Increases administrative costs for:
  - Medicaid operations
  - Medicaid work requirements
  - More frequent eligibility checks
  - Cost-sharing
- Medicaid Payment Error Rate Measurement (PERM) cost-shifting risks

DSS Impact

- Significant technology and system upgrade costs related to work / eligibility requirements
  - Loss of real-time eligibility functions due to new documentation requirements
- Significant costs to hire, train and re-train staff related to work requirements and more frequent eligibility verification determinations
- Need for additional operational capacity to support more complex eligibility and quality control processes:
  - Medicaid PERM compliance
  - Loss of waiver / demonstration project flexibilities
  - Other eligibility changes (new interfaces and data match requirements)
  - Outreach and communications to enrollees and new applicants

IMPACTS TO MEDICAID

Medicaid Work Requirements

Current State:

- There are no current work or community engagement requirements for Medicaid coverage in Connecticut

Future State:

- Effective Jan. 1, 2027 with option for state to request up to a 2-year delayed start date from the federal government based on good faith effort to implement
- Adults 19-64 will be required to prove that they have monthly income of $580 (federal minimum wage x 80 hours) or at least 80 hours of work or community engagement per month to remain eligible for Medicaid

Medicaid Work Requirement Exemptions

- Pregnant and postpartum women
- Foster and former foster youth
- Veterans with rated disabilities
- Medically frail (e.g., blind, disabled, children with serious emotional disturbances, adults with serious mental illness, chronic substance use disorders, serious and complex medical conditions)
- Alcohol use disorder and substance use disorder
- Already meeting work requirements for SNAP and/or TANF
- Parent/caregiver of a dependent child under age 14 or an individual with a disability
- Individuals recently released from incarceration for 90 days post release
- Indians/Urban Indians
- Short-term hardship waiver (e.g., individuals receiving medical care out of state)

Work / Community Engagement Requirements

Monthly income at least 80 times the federal hourly minimum wage **or** ***any*** *of the following*

- Work at least 80 hours per month
- At least 80 hours per month of community service
- At least 80 hours per month of a qualified work or training program
- Enrolled at least half-time in an education program
- Any combination of the above totaling at least 80 hours per month

Effective Date: SFY 2027

Federal Change	Effective Date
Change in definition of "qualified alien" (Medicaid)	October 1, 2026
Redeterminations for Medicaid expansion population every six months	January 1, 2027
Establish Medicaid work requirements for Medicaid expansion population	January 1, 2027 (with potential for state to request up to a two-year good faith effort extension from HHS Secretary)

Effective Date: SFY 2028 or later

Federal Change	Effective Date
Limits Medicaid retroactive coverage period from 3 months to 1 month for expansion population	Applications submitted on or after January 1, 2027
Implementation of cost sharing for Medicaid expansion population > 100% FPL	October 1, 2028
Medicaid Payment Error Rate Measurement (PERM) audit changes	October 1, 2029

Key Takeaways

- There are no immediate changes to Medicaid/HUSKY eligibility and benefits
- Awaiting guidance from CMS on implementation of provisions in federal H.R. 1
- For now, Medicaid/HUSKY members should continue to access healthcare services when needed
- DSS, in collaboration with Access Health CT and the Office of the Governor, are working on communications plans to Medicaid members
- DSS will continue to update and engage MAPOC and stakeholders as we continue to evaluate impacts and implement these federally required changes

HUSKY C Eligibility and Enrollment

HUSKY C Eligibility

Medicaid coverage under HUSKY C is available for individuals ages 65 and older and those who are between the ages of 18 and 64 who are blind or have another disability. Applicants must also meet certain income and asset levels.

The State of Connecticut offers long-term services and supports that are delivered in institutional **and** home and community-based settings.

Long-Term Services & Supports (LTSS)	Provides services to . . .	Annual income limit	Asset limits
• Meet aged, blind, or disabled requirements *and* • Meet nursing home level of care	**Over 40,000 enrollees**	300% of the maximum Supplemental Security Income (SSI) federal benefit rate: $2,901/mo.	• Single individual: $1,600 • Married couple: the Community Spouse Protected Amount (CSPA) can be between $50,000-$157,920

HUSKY C Members in Long-term Care Facilities

Long-term services and supports coverage includes a broad range of medical and personal care assistance which includes, but is not limited to nursing facility care, adult day programs, home health aide services, personal care services, transportation, and supported employment, as well as assistance provided by certain family caregivers.

Category	Count
Total HUSKY C Recipients	83,508
HUSKY C – Residents of Long-term Care Facilities	12,608
HUSKY C – Recipients of Home & Community Based Services	27,774

Dually Eligible

Dually eligible individuals are enrolled in Medicare Part A (Hospital Insurance) and/or Part B (Supplemental Medical Insurance) and are also enrolled in full-benefit Medicaid **and/or** the Medicare Savings Programs (MSPs) administered by each individual state.

- **Partial-benefit dually eligible individuals** are enrolled only in Medicare and an MSP
- **Full-benefit dually eligible individuals** are Medicare beneficiaries who qualify for the full package of Medicaid benefits. They often separately qualify for assistance with Medicare premiums and cost-sharing through the Medicare Savings Programs (MSPs).

Category	Count
Partial-benefit dually eligible (Medicare + MSP)	145,287
Full-benefit dually eligible (Medicare + MSP + full Medicaid)	62,361

THANK YOU