Medicaid and H.R. 1 Explained: What Providers Working on Homelessness Need to Know

National Alliance to End Homelessness Webinar Series

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Overview

- Medicaid: The Basics
- Medicaid's growing role in addressing homelessness and housing insecurity as a driver of health
- How H.R. 1 affects Medicaid
- How H.R. 1's Medicaid changes will affect people experiencing homelessness
- What homeless services providers can do to help
- Q&A

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What is Medicaid?

- Established in 1965, Medicaid is a government-sponsored health care program serving nearly 80 million people.
- It is the largest source of health care coverage in America and the primary coverage for children, pregnant women, people with disabilities, older adults, and low-income adults.
- **Medicaid is jointly funded by states and the federal government.**
  - Each state must pay state dollars (the “state share”) to “draw down” federal dollars (the “federal share”) at its “federal medical assistance percentage (FMAP)” – or “match rate.”
  - The federal government (the Centers for Medicare and Medicaid Services) sets requirements and regulates states.
  - States administer the program, directly pay for health care and supportive services, and receive federal match to help cover costs.

Medicaid's Welfare Program Roots

Medicaid was part of LBJ's 1965 Great Society Program, which also created Medicare. Medicaid eligibility was tied to Cash Assistance.

"I am asking for programs to improve the care of the health of our preschool and school-age children—as well as help our States and communities improve their health services to the needs of our Nation…Whatever we do or hope to do depends upon the health of our people. We cannot be satisfied until all Americans have available to them the best medical treatment that the best medical men can devise."

Source: http://www.presidency.ucsb.edu/ws/index.php?pid=27351

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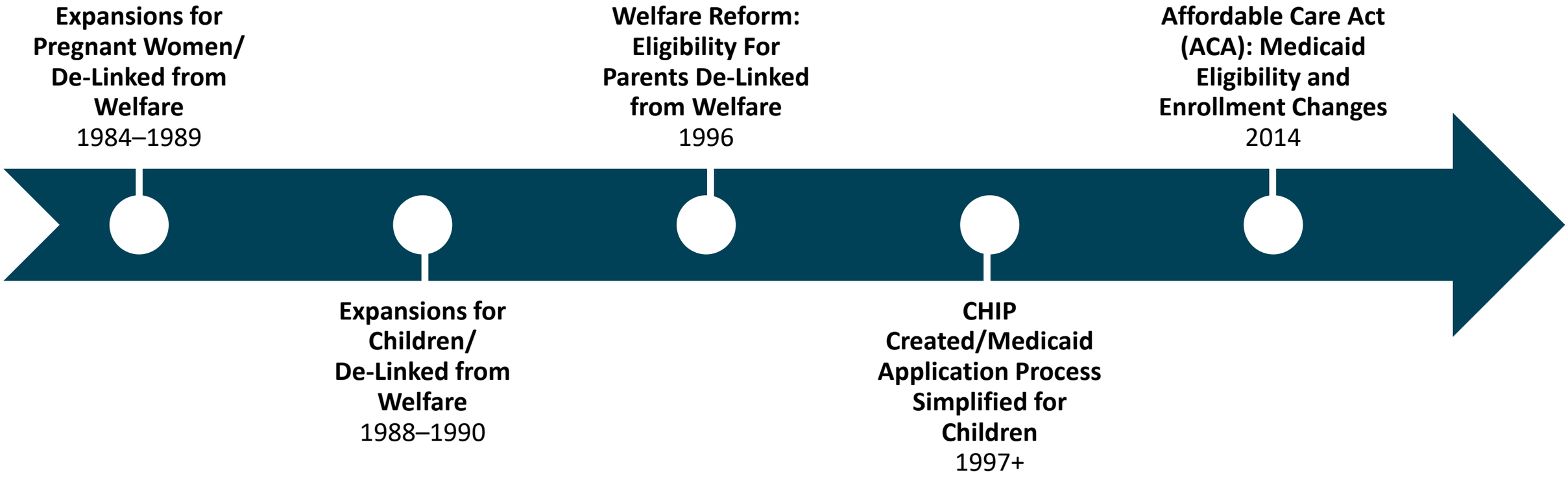
Key Turning Points in Medicaid



Medicaid began **shifting away from "welfare"** over time as it was expanded to additional "special populations;" then welfare reform fully de-linked eligibility for Medicaid and cash assistance. With the implementation of CHIP and the passage of the ACA, **Medicaid fully evolved into an insurance program for low-income Americans**.

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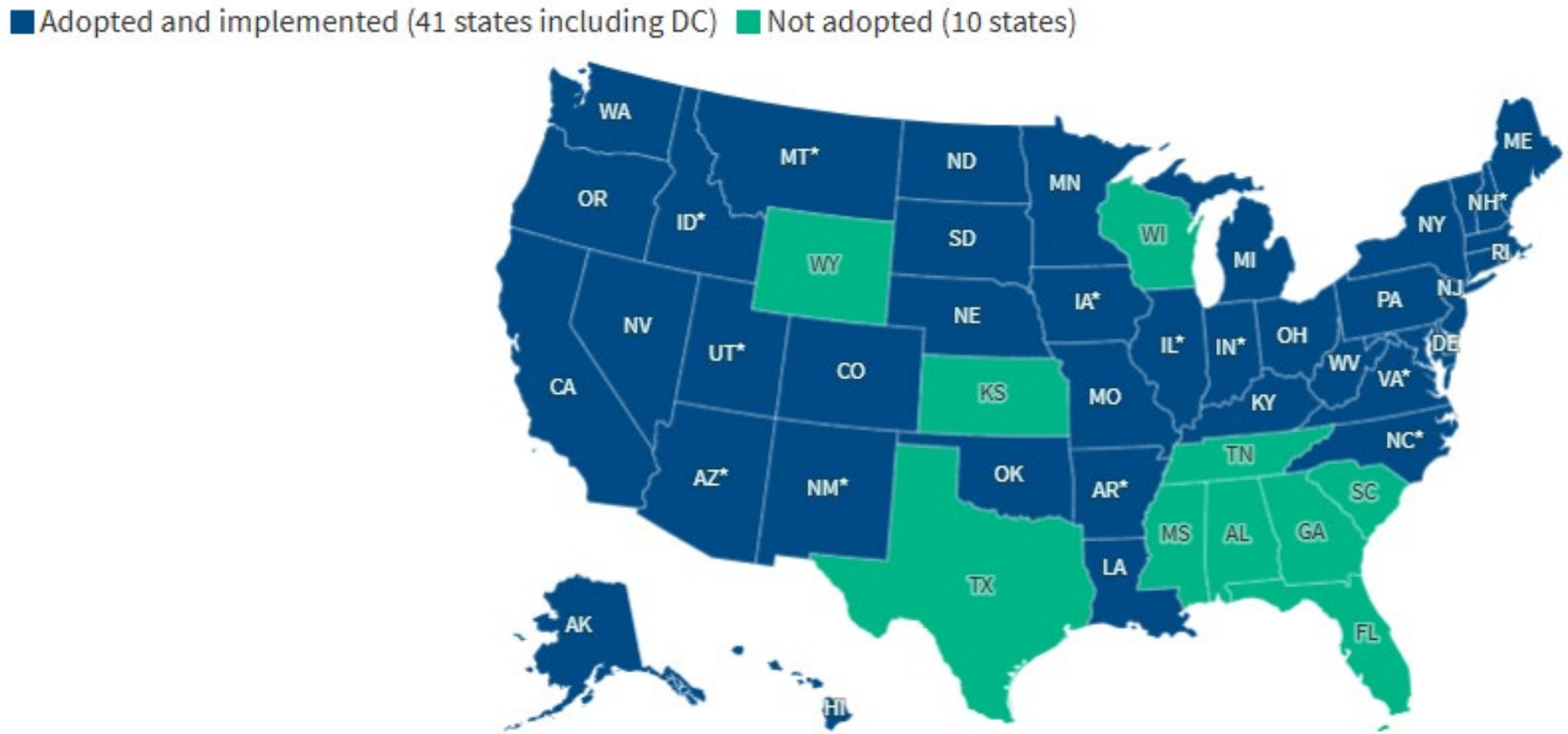
Who is Eligible for Medicaid?

- Historically, Medicaid eligibility was limited to **children, pregnant women, people with disabilities, and low-income older adults**. These are known as the "mandatory eligibility groups."
- In 2009, the Affordable Care Act ('ACA' or 'Obamacare') allowed and created incentives for states to expand eligibility to **low-income non-elderly adults**. This group is often referred to as the "**ACA Medicaid expansion**" population or "Able-Bodied Working-Age Adults."
  - The ACA Medicaid expansion population includes individuals whose incomes are at or below 138% of the federal poverty level. As an incentive to states, the ACA also provides a higher federal matching rate for the expansion population.
  - Initially, the ACA required states to expand their programs. States sued and the Supreme Court ruled that Medicaid expansion would be a state choice.

Medicaid Expansion: In States' Hands

States can elect to extend comprehensive Medicaid coverage to parents and childless adults with incomes below 138% FPL.



Source: *Status of State Medicaid Expansion Decisions: Interactive Map, May 9, 2025.*

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Mandatory vs. Optional Medicaid Benefits

State Medicaid Programs are *required* to cover certain health care services. They can also *choose* to cover additional services, with federal approval.

Mandatory Benefits

- Inpatient hospital services
- Outpatient hospital services
- Early and periodic screening, diagnostic and treatment services (EPSDT)
- Nursing facility services
- Home health services
- Physician services
- Rural health clinic services
- Federally qualified health center services
- Laboratory and X-ray services
- Nurse midwife services
- Transportation to medical care

Optional Benefits

- Prescription drugs
- Dental and vision
- Physical and occupational therapy
- Private duty nursing services
- Personal care
- Hospice
- Case management
- Home and Community Based Services (HCBS)
- Rehabilitative services
- Health homes for enrollees with chronic conditions

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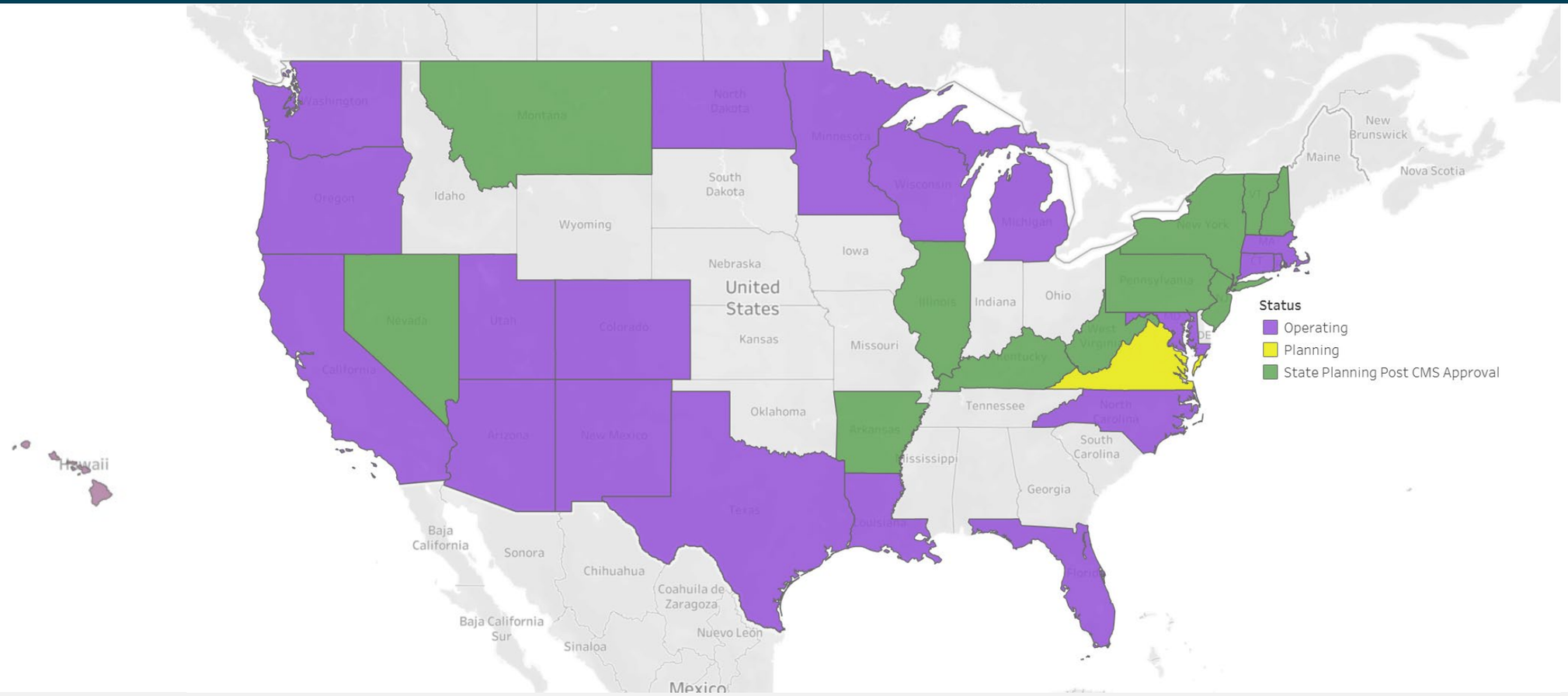
Why Medicaid Matters for People Experiencing Homelessness?

- Medicaid is the most important source of **health coverage** available to people experiencing homelessness, especially after ACA:
  - Pre-ACA, only people experiencing homelessness who were in mandatory eligibility groups could qualify for Medicaid. Therefore, obtaining SSI/SSDI was the primary way to enroll in Medicaid.
  - After ACA, nearly all people experiencing homelessness are eligible for Medicaid in the 41 states plus DC that expanded their Medicaid programs, due to their extremely low incomes or disability status.
- Medicaid covers **medical and behavioral health care**, including street medicine and clinic services. Health Care for the Homeless Programs rely on Medicaid for nearly 40% of their revenues. Several states are covering **medical respite and recuperative care** programs.
- Many states have begun covering **housing-related services** that help beneficiaries find housing, transition into housing, and remain stably housed.

States with Approved Medicaid Authorities to Cover Housing-Related Services

More than a dozen states have received CMS approval of Medicaid authorities that cover housing-related services for people experiencing or at-risk of homelessness



Source: CSH. Summary of State Actions on Medicaid & Housing Services. CSH Summary of Medicaid State Actions - Spring 2025.pdf

Medicaid Housing-Related Services (1 of 2)

Intervention	Description
Housing supports	Includes pre-tenancy navigation services, one-time transition and moving costs, tenancy and sustaining services, individualized case management (e.g., linkages to housing services). Can be covered through Section 1915 HCBS, Section 1115 demonstrations, Managed care ILOS authorities.
Short-term pre-procedure and/or post-hospitalization housing	Up to six months room and board in housing preceding or following a medical procedure or admission for treatment, where clinically oriented recuperative or rehabilitative supports are offered, but not required. Only coverable through Section 1115 demonstrations.
Recuperative care / medical respite	Up to six months of room and board and services in settings where medical monitoring and/or clinically oriented recuperative or rehabilitative services are provided. Only coverable through Section 1115 demonstrations.

Medicaid Housing-Related Services (2 of 2)

Intervention	Description
Short-term rent and utilities	Up to 6 months once per demo. Following allowable transitions, including out of institutional care and congregate residential settings; individuals who are homeless, at risk of homelessness, or transitioning out of an emergency shelter; out of carceral settings; and individuals transitioning out of the child welfare setting. Only coverable through Section 1115 demonstrations.
Home remediations	Must be medically necessary. May include air filtration, air conditioning, or ventilation improvements; refrigeration for medications; carpet replacement; mold and pest removal; housing safety inspections
Home/environmental accessibility modifications	May include wheelchair accessibility ramps, handrails, and grab bars.

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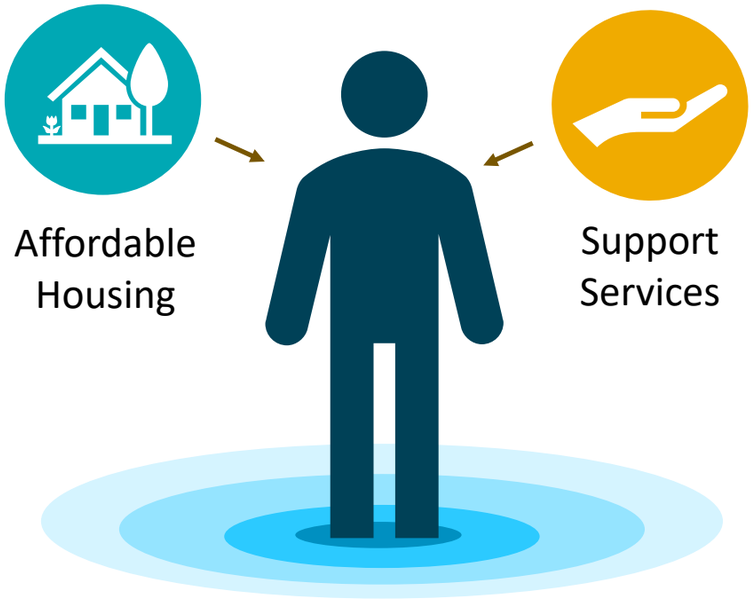
Braiding Medicaid with Housing Funding

Medicaid is not paying for housing itself, but the supportive services that help people find, obtain, and maintain housing. Medicaid funding can be braided with existing housing programs to create housing plus services, permanent supportive housing, rapid rehousing.

Federal and State Housing Programs

HUD Housing Vouchers, HUD Continuum of Care Grants, Low Income Housing Tax Credits, State Rental Subsidies



Medicaid for Housing-Related Support Services

Housing navigation, tenancy supports, move-in supports, bridge rental assistance

Target Population: Medicaid beneficiaries with chronic or complex care needs who experience homelessness

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California Advancing Innovation in Medi-Cal (CalAIM) Community Supports

California is leading the way in integrating housing supports with Medi-Cal to address homelessness and improve health outcomes, with initiatives like CalAIM aiming to provide housing and related services to vulnerable populations.

Medi-Cal Community Supports

- **Housing Transition Navigation Services**
- **Housing Tenancy and Sustaining Services**
- **Housing Deposits**
- **Recuperative Care**
- **Short-Term Post-Hospitalization Housing**
- **Day Rehabilitation**

Optional for Medi-Cal Managed Care Plans (MCPs) to provide for select populations.

Transitional Rent

- Includes coverage of up to six months of rent for members who are experiencing or at risk of homelessness and meet certain additional eligibility criteria.
- **7/1/25** Optional for MCPs to provide.
- **1/1/26** Mandatory for MCPs to provide for select populations.

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District of Columbia Housing Supportive Services

The District of Columbia's Medicaid program has a Housing Supportive Services 1915i HCBS benefit for people with disabilities experiencing homelessness.

- Since 2022, DC's Medicaid program has been covering two services to assist people experiencing homelessness who have qualifying disabilities:
  - Housing Navigation Services helps a participant plan for, find, and move to housing of their own in the community; and
  - Housing Stabilization Services helps a participant in their own housing in the community and move toward wellness as the participant defines it.

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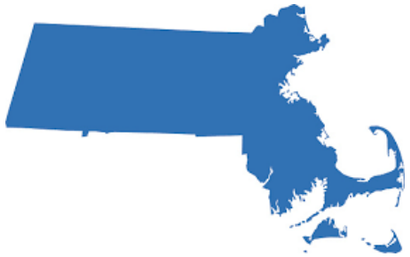
Other State Initiatives



Massachusetts

- Continues coverage of Community Support Programs (CSP) to homeless and justice-involved individuals.
- CSP-HI covers assistance with daily living, housing search, tenancy supports, services and benefits coordination, crisis intervention.
- Expanded benefits cover one-time transition costs, such as security deposits, first month's rent, utility activation fees, move-in costs, inspection costs.

Arizona

- Arizona has begun implementing its Health and Housing Opportunities (H2O) program that provides housing navigation, tenancy sustaining services, transitional housing, and short-term rent to Medicaid members with serious mental illnesses who are homeless or at-risk of homelessness.
- Arizona is coordinating with its statewide housing administrator, CoCs and PHAs to connect people to long-term housing subsidies.

Health Policy Provisions of H.R. 1

On July 4, the president signed the budget reconciliation legislation, H.R.1, making sweeping changes to Medicaid, the Children's Health Insurance Program (CHIP), and ACA Marketplaces.

Medicaid/CHIP (Today's Focus)

- Imposes new eligibility and access restrictions for the ACA's Medicaid expansion population (e.g., work requirements, copayments, more frequent redeterminations).
- Constrains the ways states can finance their share of Medicaid program costs and influence provider access through payment policy.
- Restricts noncitizen coverage and family planning access in Medicaid.

ACA Marketplace*

- The law enacts policies that make it harder for individuals to enroll or reenroll in subsidized coverage through Marketplaces, with most provisions effective starting in plan year 2026.

On June 20, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that also restricts eligibility, reduces benefits, and imposes new paperwork burdens for enrollment, with most provisions taking effect in calendar year 2025 or 2026. Further, unless Congress acts, premium tax credits will expire on December 31, 2025.

*The law includes two private market provisions beyond the Marketplace: (1) allows high-deductible health plans to cover telehealth before the deductible; and (2) it makes certain direct primary care arrangements Health Savings Account-eligible.

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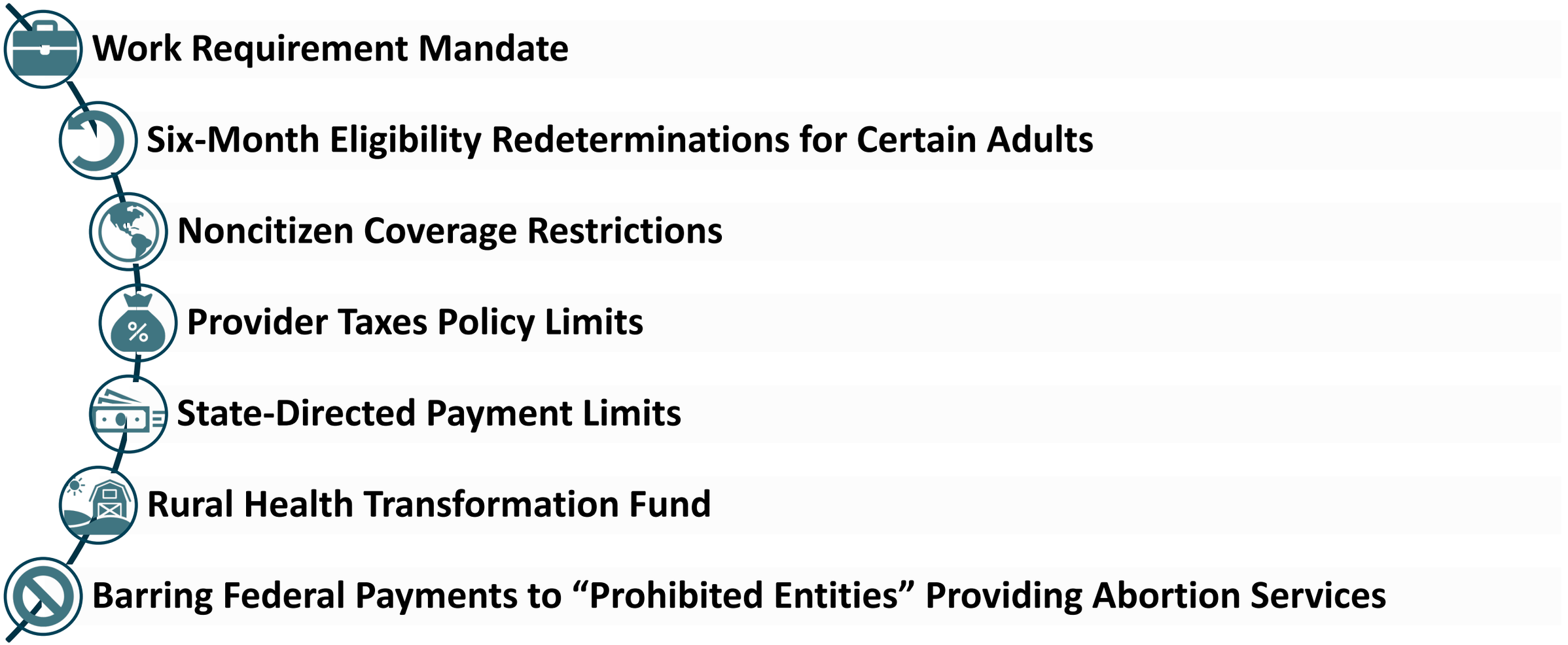
Overview of Select Medicaid Provisions in H.R. 1



- **Work Requirement Mandate**
- **Six-Month Eligibility Redeterminations for Certain Adults**
- **Noncitizen Coverage Restrictions**
- **Provider Taxes Policy Limits**
- **State-Directed Payment Limits**
- **Rural Health Transformation Fund**
- **Barring Federal Payments to “Prohibited Entities” Providing Abortion Services**

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Medicaid Work Requirement Mandate

States must condition Medicaid eligibility on compliance with work requirements for adults covered by Medicaid expansion or expansion-like coverage ages 19 to 64.

- **Implementation Date.** January 1, 2027 – though states can implement earlier via a SPA or section 1115 waiver or delay until December 31, 2028 with Secretary approval.
- **Qualifying Activities.** 80 hours per month of: work, a Supplemental Nutrition Assistance Program (SNAP)-defined work program, community service, part-time education, or a combination of these activities. Alternatively, individuals can qualify by earning at least $580/month—or averaging that over six months for seasonal workers.
- **Exemptions.** The law outlines mandatory and short-term hardship exemptions (see Appendix). States must use ex parte data "where possible."
- **Outreach.** States must begin enrollee outreach between June 30, 2026 and August 31, 2026, depending on how many months of compliance they require before application, and continue outreach regularly thereafter.1
- **Compliance Checks.** States must verify compliance at both application and renewal using ex parte data—meaning individuals need to demonstrate completion of 80 hours of qualifying activities for at least one month prior to application and again once enrolled for at least one month within every six-month period. States may impose more stringent approaches.
- **Terminations.** If a person is denied or disenrolled due to work requirements, they need to file a new application to re-apply (triggering the compliance check for at least the month prior to application).

Medicaid Work Requirement Exemptions

Required Exemptions. States *must* exempt the following individuals from work requirements for a given month if, at any point during that month, they are:

- Parents/guardians/caretaker relatives, or family caregivers of a dependent child age 13 and under or a disabled individual
- Pregnant or receiving Medicaid postpartum coverage
- Foster youth and former foster youth under the age of 26
- AI/ANs
- Veterans with a disability rated as total
- Incarcerated or recently released from incarceration within the past 90 days
- Entitled to Medicare Part A or enrolled in Medicare Part B
- Meeting Temporary Assistance for Needy Families or SNAP work compliance requirements
- Participating in a drug addiction or alcohol treatment program
- Medically frail:
  - Blind or disabled
  - Have a substance use disorder
  - Have a disabling mental disorder
  - Have a significant physical, intellectual, or developmental disability
  - Have a serious or complex medical condition

Optional Temporary Exemptions. States *may* (under procedures established by the state in accordance with the Secretary's standards) exempt individuals for a given month if, at any point during that month, they experience a "short-term hardship" exemption, including:

- Receiving inpatient hospital care, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric care, or other services of similar acuity (including related outpatient care) determined by the Secretary*
- Living in a county impacted by a federally declared emergency or disaster
- Living in a county with a high unemployment rate (at or above the lesser of 8% or 150% of the national unemployment rate, which was 4.1% as of June 2025)
- Traveling for an extended period to access medically necessary care for a serious or complex medical condition that is not available in the individual/their dependent(s)' community*

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Six-Month Eligibility Redeterminations for Certain Adults

States must redetermine eligibility for adults enrolled through Medicaid expansion or an expansion-like section 1115 waiver once every six months.

- **Implementation Date.** December 31, 2026. Unlike work requirements, there is no option to delay. States that obtain approval to delay implementation of work requirements will have misaligned effective dates.
- **Policy Requirements.** Redeterminations for expansion and expansion-like adults must occur twice a year.

  This is a major departure from previous Medicaid eligibility rules, whereby states may redetermine eligibility for expansion enrollees no more frequently than annually or unless information received by a state indicates a change in circumstances.

- **Exemptions.** The law exempts American Indian/Alaska Natives (AI/AN) from this provision. Territories are also exempt from six-month redeterminations.
- **Timeline.** CMS must issue guidance by January 5, 2026 (within six months of July 4, 2025).

Medicaid Financing Changes

H.R. 1 also hinders state's ability to finance the state share of Medicaid costs, thereby constraining states' ability to draw down federal Medicaid funds.

- All states except Alaska currently use provider taxes to help finance their share of Medicaid expenditures. The law imposes significant new limits on use of this mechanism.
- H.R. 1:
  - Prohibits any new Medicaid provider tax or increases to existing rates for taxes enacted prior to July 4, 2025 (for both local- and state-imposed taxes.)
  - Caps State Directed Payments, which states use to enhance rates for health care providers, at 100% of Medicare rates rather than commercial health rates.
  - Establishes a $50 billion fund for rural healthcare providers. To qualify for funding, states will need to apply to CMS for approval. CMS is required to approve or deny applications by December 31, 2025.

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H.R. 1's Projected Impacts

The Congressional Budget Office estimates that the law would reduce federal spending by over a trillion dollars and cause coverage loss for 10 million people (reflects Medicaid and Marketplace provisions).

Select H.R.1 Medicaid Provisions	Change in Direct Federal Spending ($ Millions)
Section 71119: Work Requirements Mandate	-$325,610
Section 71115 and 71117: Provider Taxes and Waiver of Uniform Tax Requirement	-$225,724
Section 71116: State-Directed Payments (SDPs)	-$149,424
Section 71101 and 71102: Delay of Select Biden-Era Eligibility and Enrollment (E&E) Final Rule Provisions	-$121,863
Section 71107: Eligibility Redeterminations	-$62,530
All Other Medicaid Provisions	-$104,516*
Section 71401: Rural Health Transformation Fund	$50,000**

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How H.R.1's Medicaid Changes Impact Homelessness

For people experiencing homelessness, H.R. 1 will lead to disenrollment and coverage losses, reduced medical and behavioral health care, and fewer housing-related services.

Loss of health care coverage due to work requirements and twice per year redeterminations

Reduced services and closure of many Health Care for the Homeless Programs, FQHCs, and rural health centers

Less state funding for a range of housing, services, and programs.

Reductions in or winding down of Medicaid HCBS, housing-related services, and medical respite services

More people become and remain homelessness due to worsening health, higher medical costs/debt, and interruptions in housing process.

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Montana Experience During COVID Unwinding

npr

HEALTH REPORTING IN THE STATES

Why homeless people are losing health coverage in Medicaid mix-ups

APRIL 16, 2024 · 5:00 AM ET

FROM Montana Public Radio

By Aaron Bolton, MTPR

On a cold February morning at the Flathead Warming Center in Kalispell, Montana, guests who had stayed overnight in the shelter were getting ready for the day. But Tashya Evans was sticking around. She needed help with her Medicaid application.

She had lost Medicaid coverage last September, she said, because she didn't receive paperwork after she moved from Great Falls, Montana.

That lack of coverage forced her to forgo her blood pressure medication and pause urgently-needed dental work.

"The teeth broke off. My gums hurt. There's sometimes where I'm not feeling good, I don't want to eat," she said.

Evans is one of about 130,000 Montanans who have lost Medicaid coverage as the state re-evaluates everyone's eligibility following a federally-mandated pause in disenrollment that began during the Covid-19 pandemic.

"You just get to the point where you're like, 'I'm frustrated right now. I just have other things that are more important, and let's not deal with it,'" she said.

Evans has a job, but because she doesn't have housing she spends most of her free time finding a place to sleep. Sitting on the phone most of the day just isn't feasible.

Source: https://www.npr.org/sections/health-shots/2024/04/16/1244000356/homeless-health-medicaid-uninsured-kicked-off-redetermination-disenrolled

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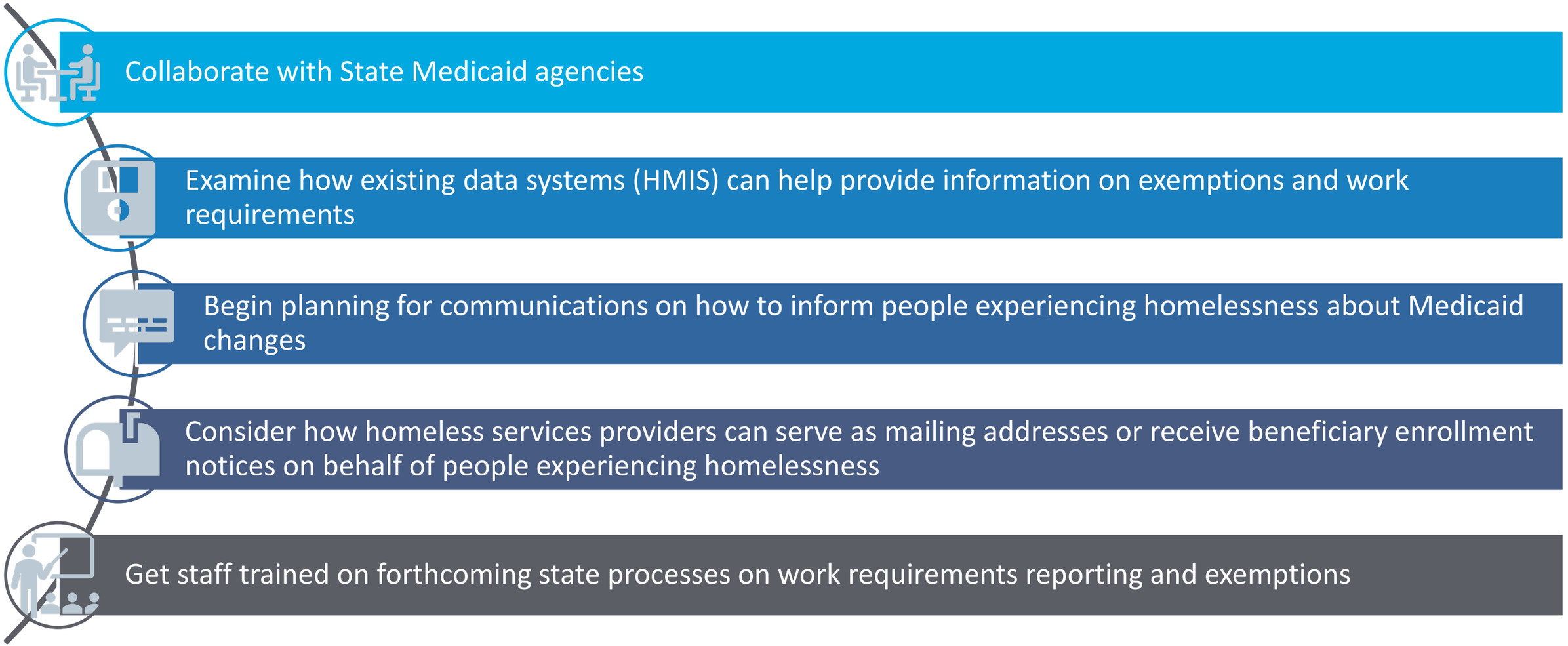
What Homelessness Providers and Systems Should Prepare For



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For more info about Manatt Health Services' Housing and Health Services

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