

# Federal Medicaid Fact Sheet

## Re: July 2025 Budget Reconciliation Bill

The federal government recently passed a new budget reconciliation bill on July 4th, 2025. Reconciliation bills change laws about taxes and how the government spends money. These changes are made to match the goals of the federal budget. This bill was titled the “One Big Beautiful Bill Act” (OBBA).



This reconciliation bill makes deep cuts to how much money the government spends on important programs like Medicaid. Medicaid is a lifeline for many people, including people with intellectual and developmental disabilities (IDD) and their families. It allows them to stay healthy and live in the community.

This fact sheet, offered by the **Massachusetts Developmental Disabilities Council (MDDC)** describes how the changes from this reconciliation bill will affect the lives of people with IDD.

### CHANGE

**Cuts to federal Medicaid spending by \$1 trillion over the next 10 years.**

### CONSEQUENCES

**11.8 million people could become uninsured.<sup>1-2</sup>**  
**Medicaid funded services will be reduced and/or eliminated.**

### IMPACT



People with IDD will be among those who lose coverage. Loss of health insurance could lead to more people getting sick.<sup>3</sup> They will lose access to services that allow them to live in the community.

### DEEPER DIVE

- Medicaid serves people with disabilities, children, nursing-home residents, and low-income adults.
- These cuts target Medicaid Expansion, which provides low-income adults with access to Medicaid in most states.
- People with IDD can access their Medicaid in different ways. Some are enrolled in Medicaid under the expansion group and will be at risk of losing coverage.<sup>4</sup>
- There are two types of Medicaid services: mandatory and non-mandatory. Mandatory services are ones that states are required to pay for these services. States are not required to pay for non-mandatory Medicaid services.
- In the past, every state cut funding for non-mandatory services like HCBS when spending has been reduced. This led HCBS waiting lists to grow significantly.<sup>5</sup>
- 86% of Medicaid spending on non-mandatory services is used to support people with disabilities and older adults. Any cuts to Medicaid could make it harder for people with disabilities to live in the community.<sup>6</sup>
- If people do not have access to HCBS, they may be forced to live in an institutional setting.
- People have a lower quality of life when they live in institutional settings.<sup>7</sup> It also costs states more than it would if they supported people in the community through HCBS waivers.<sup>8</sup>
- The average cost to support someone living in the community through an HCBS waiver is \$36,000 per person. It costs on average \$47,000 per person living in an institutional setting.<sup>8</sup>

## CHANGE

States are required to add “work requirements” to Medicaid plans.



## CONSEQUENCE

People in the Medicaid expansion group will be required to show they are working, looking for a job, or doing community service to remain covered.

## IMPACT



Some people with IDD may not qualify for exemptions to these work requirements. They will be at risk for losing Medicaid. Without Medicaid supported employment services, they will not be able to work and may not be able to re-enroll.<sup>2</sup>



## DEEPER DIVE

- Work requirements are not effective.<sup>6,9</sup>
- Research shows that work requirements do not lead to more people getting jobs. They just lead to more people losing Medicaid.<sup>10</sup>
- Most people will lose coverage because they could not keep up with the paperwork, not because they were not trying to get jobs.<sup>6,9,10</sup>

## CHANGE

Medicaid recipients will be required to prove they are still eligible for Medicaid every 6 months (instead of every year).



## CONSEQUENCE

Many people may lose coverage due to paperwork and administrative barriers, even if they are still eligible for Medicaid.<sup>6,9,11</sup>

## IMPACT



People with IDD who wrongfully lose Medicaid will lose access to services they need. This includes medications and supports they need every day.<sup>12</sup>



## DEEPER DIVE

- More frequent eligibility checks causes people to wrongfully lose Medicaid coverage and increases administrative costs for states and the federal government.
- States could save approximately \$87 million within one year if they use 12-month continuous eligibility for all adults enrolled in Medicaid.<sup>12</sup>
- When people have disrupted coverage, their average health costs per month increase. Research shows that continuous coverage is associated with fewer hospitalizations and emergency room visits.<sup>13</sup>



## CHANGE

States will face new limits on how they can use “provider taxes” to raise money for state spending on Medicaid.



## CONSEQUENCE

States will have to find other state funding sources to meet their Medicaid match. This means that states will have less state funds to support Medicaid HCBS.<sup>9</sup>

## IMPACT



Provider taxes have been a key source of state Medicaid funding. Not enough funding will likely result in the shrinking and removal of non-mandatory Medicaid services like HCBS.<sup>9</sup>



## DEEPER DIVE

- Limits to state Medicaid budgets will likely result in cuts to non-mandatory HCBS services that support people with IDD to live in the community rather than costly institutions.<sup>8</sup>
- Provider tax limits will reduce states’ abilities to cover additional care. States will have to cut benefits or make large changes in reimbursement.<sup>20</sup>



## CHANGE

Significant cuts to the Supplemental Nutrition Assistance Program (SNAP).



## CONSEQUENCES

40 million people who are on low or fixed incomes, including people with disabilities, will lose their basic food assistance.

## IMPACT



People with IDD who rely on SNAP benefits for meals will lose access to a proper diet. Lack of access to enough food and healthier options will result in worse health outcomes.



## DEEPER DIVE

- For people who are on low or fixed incomes, including people with disabilities, SNAP provides basic nutritional support.
- Historically, the federal government has paid the full cost of SNAP programs and States have been in charge of managing them. Starting in October 2027, for the first time ever, states will have to provide funding towards SNAP programs.<sup>14</sup>
- People will now have to prove they are working at least 20 hours per week in order to receive benefits.<sup>15</sup>
- In 2024, a person could receive a maximum of \$291 per month.<sup>16</sup> Increases to benefits to adjust for inflation will begin to be smaller than in the past.<sup>15</sup>



## Policymaker Considerations

When making decisions, it is important to remember the rights, freedom, and wellbeing of people with IDD.

### In times of limited resources, here are some considerations:

- Non-mandatory HCBS Medicaid programs are far less expensive than institutional care (i.e., nursing homes, intermediate care facilities.)<sup>8</sup>
- Reduced state funding for HCBS Medicaid waived programs will likely result in:
  - Large increases in waitlists,<sup>5</sup>
  - People with disabilities needing more expensive institutional care because they have no support to live in the community,<sup>8</sup>
  - Family members leaving their jobs to care for family members with disabilities which may cause financial insecurity and greater need for government services.<sup>17,18</sup>
- HCBS Medicaid waived programs are most critical to protect because they:
  - Allow people with intellectual, developmental and other disabilities to live and/or remain in the community instead of being forced into segregated institutions,<sup>19</sup>
  - Make more financial sense to fund. The state could stretch their dollars further.

### Advocates:

Educate and inform your lawmakers on why Medicaid matters to you. You can find and contact your state and federal legislators by scanning the QR code or visiting: [malegislature.gov/Search/FindMyLegislator](https://malegislature.gov/Search/FindMyLegislator)



The Massachusetts Developmental Disabilities Council (MDDC) is an independent agency, funded by the federal government, dedicated to empowering people with developmental disabilities and their families to enjoy full productive lives by promoting self-sufficiency, community inclusion & opportunity.

The MDDC works to improve the system of supports for individuals with developmental disabilities and their families by bringing advocates together with policymakers to be sure people with developmental disabilities are included in policy decisions that impact their lives.

The MDDC also serves as an objective resource to inform public policy at the local, state and federal levels, to better meet the needs of individuals with developmental disabilities and their families.



[mass.gov/mddc](https://mass.gov/mddc)

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