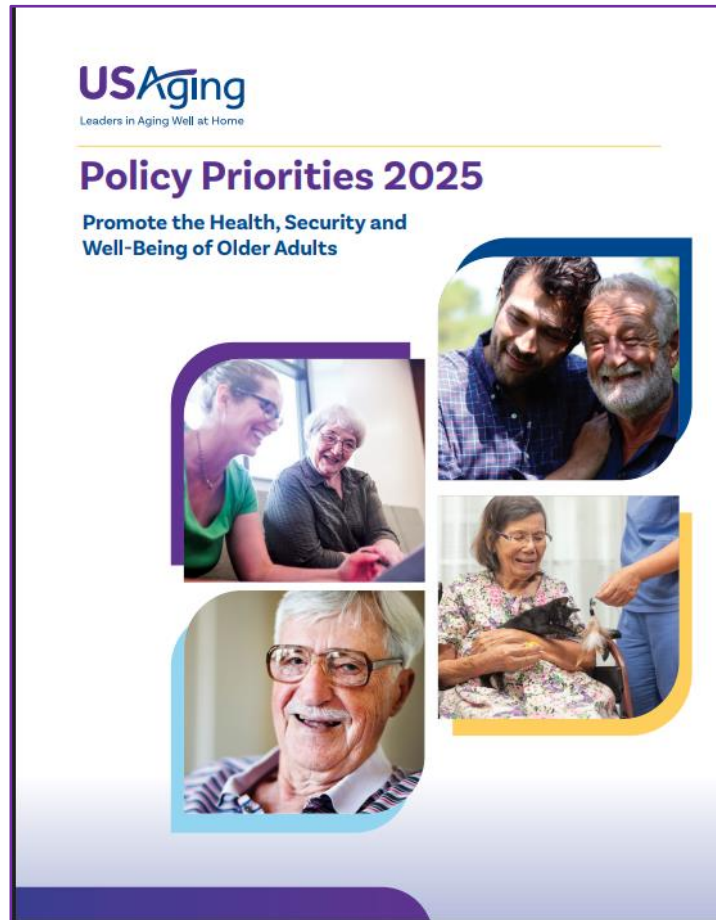




## **Live from DC: A Federal Aging Policy Update**

**Amy Gotwals, Chief, Public Policy and External Affairs**  
**Olivia Umoren Ezeuko, Director, Public Policy and Advocacy**

**7.21.25**



- **Older Americans Act**
- **Family and Professional Caregivers**
- **Medicaid HCBS**
- **Connect Health Care and Aging Sectors**

Read the full Policy Priorities at  
[www.usaging.org/advocacy](http://www.usaging.org/advocacy)

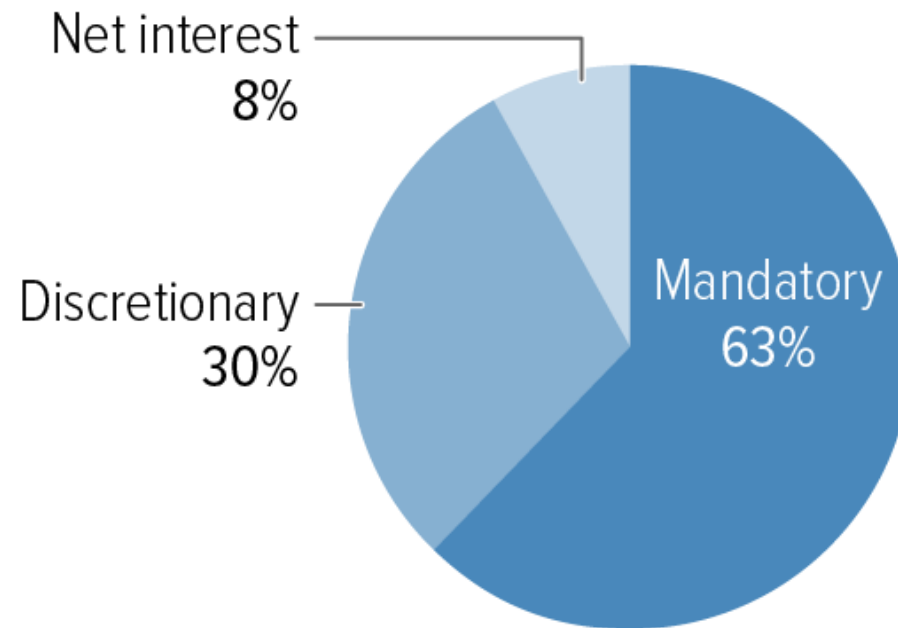


# **What's in the Federal Budget?**

# Most of the Federal Budget = Social Security and Major Health Programs (Mandatory Spending)

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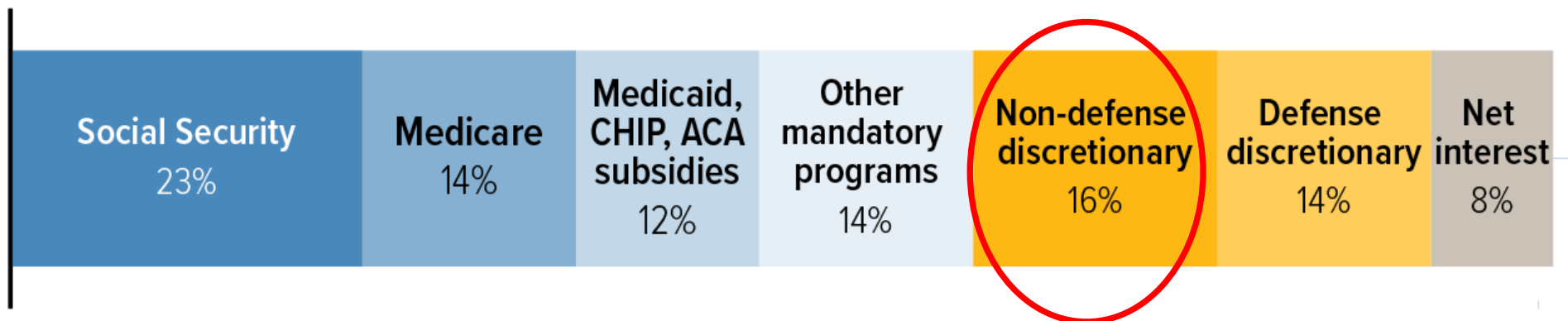
## Types of Federal Spending, Fiscal Year 2023



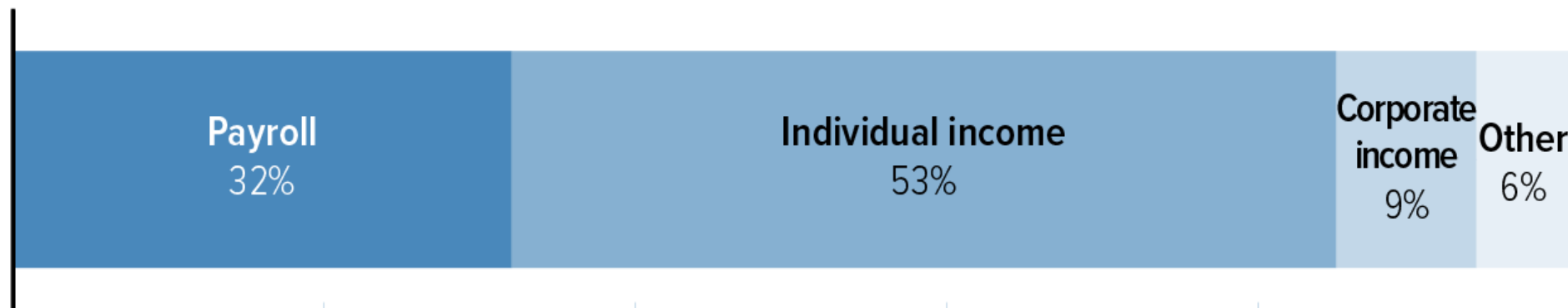
Note: Does not add to 100 percent due to rounding.

Source: Congressional Budget Office

## Components of Federal Spending



## Components of Federal Tax Revenue



Note: "CHIP" = Children's Health Insurance Plan. "ACA" = Affordable Care Act. "Other" includes excise, customs duties, and more.  
Data are for fiscal year 2023 and do not add to 100 percent due to rounding.

Source: Congressional Budget Office



# **FY 2026 Discretionary Appropriations (and HHS Reorganization)**

# Dismantling of ACL

- Mary Lazare sworn in March 3 as Principal Deputy Administrator of the Administration for Community Living (ACL), which oversees the Administration on Aging where OAA is housed
- On March 27, HHS announced a reorganization that included massive layoffs; included the break up of ACL and divided its work among 3 different HHS offices
- On April 1, large swath of ACL staff were fired (ultimately took effect on July 14)

# What Happened Next?

- President's draft budget for the FY 2026 Dept. of Health and Human Services (HHS) was leaked on April 16
- Trump Admin broke up OAA into Administration for Children and Families (ACF) and Centers for Medicare & Medicaid (CMS)
- Proposed zeroing out of key OAA and other programs (OAA Title III D, Long-Term Care Ombudsman Program, Medicare State Health Insurance Assistance Programs)





USAging Leaders in  
Aging Well  
at Home

# Advocacy Alert

**Programs Under Attack, Contact Your Members of Congress Today!  
Reach Out to Your Senators and Representatives to Ensure OAA Programs Stay Together (April 21)**

**Snapshot:** The President's FY 2026 HHS budget draft was leaked last week and it shows the Trump Administration's intent to tear OAA programs apart and send them to two different agencies (CMS and ACF) in the wake of its HHS reorganization. The budget also calls for zeroing out several key OAA and other aging programs.

**Action Needed:** Contact your Members of Congress today and call for OAA programs to remain together at the Administration of Children and Families (ACF) and for critical aging programs to be saved from elimination!

# Great News!

- Final HHS budget documents released May 30
- NO breakup of OAA programs at HHS!
- All core OAA programs made whole (level funded)
- New umbrella agency to be Administration for Children, Families and Communities (ACFC)
- Disability and other aging programs (SHIPs, CILs, etc.) ALSO moving to ACFC instead of CMS
- #AdvocacyWorks

# FY 2026 President's Budget

- President Trump released a “skinny budget” on May 2, more details May 30
- 22.7 percent cut to Non-Defense Discretionary Funding
- What we do know: eliminated....
  - Low Income Home Energy Assistance Program (LIHEAP)
  - Community Development and Community Services Block Grants
  - Corp for National and Community Service (AmeriCorps Seniors)
  - Title V of the OAA, Senior Community Service Employment Program
- Changes to...
  - “MAHA food boxes” for Commodities Supplemental Food Program
  - Sec. 202 elderly housing and similar combined into a state block grant

# FY 2026 Process Next Steps

- Appropriations committees planning markups
  - House Appropriations Labor-HHS Subcommittee shifted markup to beginning of September
  - No word from the Senate Appropriations Labor-HHS Subcommittee, but likely September markup
- Bills will ultimately have to earn support from 60 Senators
- Fiscal year 2026 begins October 1, 2025
- Expect a Continuing Resolution...or many
- SIDEBAR: President's recissions request



## Tell Congress to Protect Funding for OAA and Other Key Programs

June 17, 2025

### Snapshot

*(A 30-second read for busy people)*

- Last month, the Trump Administration released the HHS budget for fiscal year (FY) 2026, which proposes to cut or eliminate several programs that support older adults' health and safety.
- **Take Action Now: Congress will begin negotiations on FY 2026 OAA funding in the coming weeks and now is the time to tell your lawmakers to reject any cuts to OAA or other aging programs. Visit our [FY 2026 appropriations campaign page](#) to access customizable template letters to get started!**



# July 14 OAA 60<sup>th</sup> Campaign!



- Sample Advocacy Alert suitable for deep grassroots and consumers!
- New OAA fact sheet for education
- Social media kit with multiple images and messages to use
- Coordinated with ADvancing States, MOWA, NANASP and NCOA
- *[usaging.org/currentissuesandresources](https://usaging.org/currentissuesandresources)*



# **Older Americans Act Reauthorization**

# OAA Reauthorization (118<sup>th</sup>)

- Expired at the end of FY 2024, Sept. 30, 2024
- Senate HELP Committee passed a bipartisan bill on 7/31 (S. 4776)
- House and Senate quietly negotiated all fall
- Revised S. 4776 was passed Dec. 10
- Included in bipartisan end-of-year package
- Dropped from final bill



# OAA Reauthorization (119<sup>th</sup>)

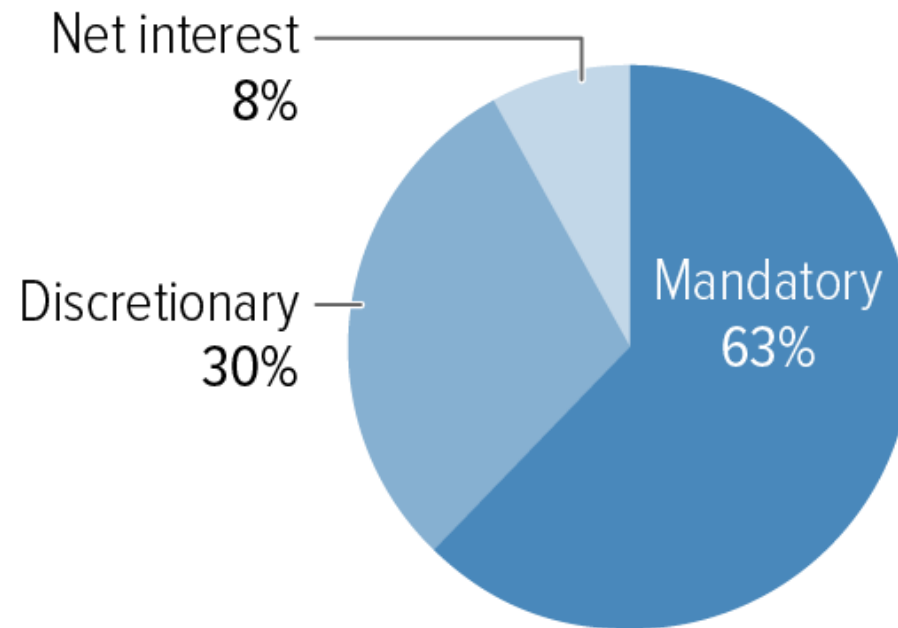
- Senate sponsors re-introduced the Senate-passed bill on June 18, S. 2120.
- New House Education and Workforce Chairman is Tim Walberg (R-MI)
- Our preference:
  - House passes the same bill under suspension of the rules, then it could move quickly and without fuss
  - Senate would then need to pass the bill all over again (under its speedy process) before sending to the President for signature



**Reconciliation =  
Major Cuts to  
Mandatory Spending**

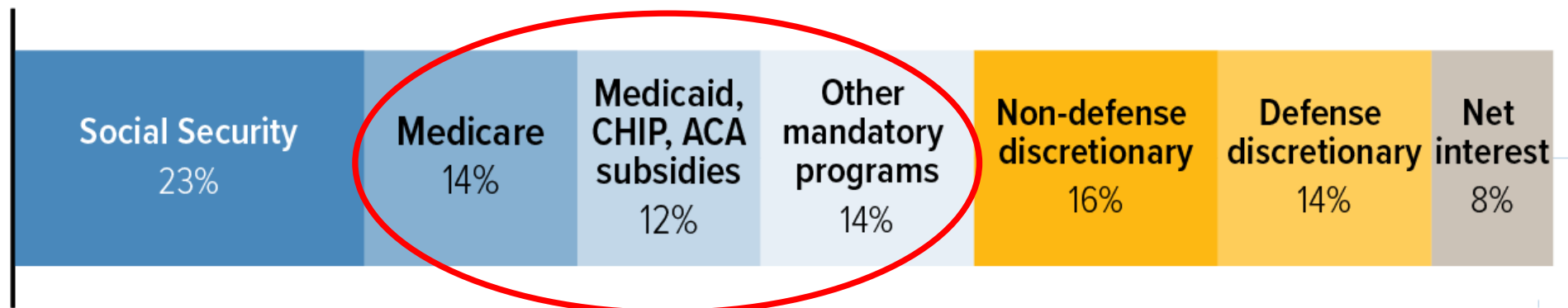
# Most of the Federal Budget = Social Security and Major Health Programs (Mandatory Spending)

## Types of Federal Spending, Fiscal Year 2023

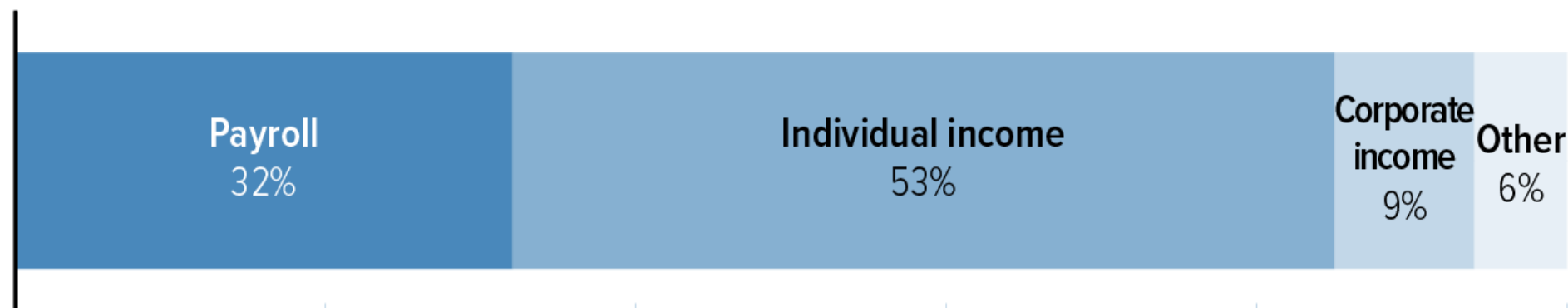


Note: Does not add to 100 percent due to rounding.  
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Source: Congressional Budget Office

# The One Big Beautiful Bill Act

- A combination of:
  - major program increases (more than \$150 billion for Customs and Border Patrol, other homeland security programs; \$144 billion for defense projects)
  - historically large cuts to Medicaid (~\$1 trillion over 10 years) and SNAP (\$300+ billion over 10 years)
  - extension of 2017 tax cuts and new tax cuts (total cost ~\$3.7 billion)
- Cuts are to pay for tax cuts and increases but they don't fully do so: the bill generates \$3.3 trillion to the debt over 10 years (Source = Congressional Budget Office)

# Medicaid Cuts Overview

- Theme = Reducing the rolls to save money
- Nearly a trillion in Medicaid cuts over 10 years
- NEW work requirements; 80 hours of paid, volunteer or educational efforts a month
- Tightens eligibility, more frequent eligibility re-tests
- Restricts provider taxes for states to raise revenue
- Expansion state FMAP changes

# Medicaid Work Requirements

- Requires applicants and enrollees (both Medicaid and expansion) ages 19 to 64 to show that they are working, doing community service or enrolling in an educational program (or some combination of these activities) for at least 80 hours each month.
- Caregivers of dependent children (under age 14 only), people with disabilities, people who are pregnant and several other groups are exempt from the work requirements.
- Other than these exemptions, states cannot secure a waiver to get around the new work requirements.

# Medicaid Work Requirements

- The bill requires states and Medicaid applicants and enrollees to implement and comply with Medicaid work requirements by December 31, 2026 (or earlier if the state desires).
- Allows the HHS Secretary to exempt states from compliance with the new work requirements until no later than December 31, 2028, should the state make a good faith compliance effort and demonstrate progress in compliance or other barriers to compliance.
- Eliminates the HHS Secretary's discretion to identify additional short-term hardships that might qualify for an exemption to work requirements.



# Medicaid Eligibility Changes

- On December 31, 2026, states would have to begin more frequent eligibility redeterminations.
- States must renew eligibility for Medicaid enrollees whose eligibility is based on modified adjusted gross income (MAGI), including children, pregnant individuals, parents, and expansion adults, every 12 months and must renew eligibility at least every 12 months for enrollees whose eligibility is based on age 65+ or disability.
- States are required to review eligibility within the 12-month period if they receive information about a change in a beneficiary's circumstances that may affect eligibility.

# Medicaid Eligibility Changes

- Requires states to conduct eligibility redeterminations at least every six months for Medicaid expansion adults.
- Exempts more frequent eligibility checks for individuals who are an Indian or an Urban Indian, a California Indian, or who have otherwise been determined eligible as an Indian for the Indian Health Service.

# Medicaid HCBS Waivers

- Allows states to establish 1915(c) HCBS waiver for people who do *not* need an institutional level of care.
- Requires states' waiver submissions to demonstrate the new waiver will not increase the average amount of time that people who need an institutional level of care will wait for services.
- Includes \$50 million in FY 2026 and \$100 million in FY 2027 for implementation.
- Effective Date: New waivers may not be approved until July 1, 2028.

# Medicaid Provider Taxes

- The proposal phases down the Medicaid provider tax in Medicaid expansion states. Starting in 2027, the final bill would gradually lower the provider tax cap from the current 6 percent to 3.5 percent in 2031. This phase down would not apply to nursing homes or intermediate care facilities.
- *USAging take:* this will decrease state tax revenue used to administer Medicaid programs, resulting in states being forced to use money from general funds or other sources to finance Medicaid—or cut benefits.

# Medicaid State-Directed Provider Rates

- State provider rate capped at 100% of the total published Medicare payment rate for expansion states but 110% for those that have not adopted Medicaid expansion.
- Reduces grandfathered payments by 10 percentage points each year (starting January 1, 2028) until they reach the allowable Medicare-related payment limit.
- For rural hospitals, the grandfathering clause only applies to payments submitted prior to enactment of the bill. For all other providers the clause applies to payments submitted prior to May 1, 2025.

# Medicaid Cost-Sharing Changes

- The bill eliminates enrollment fees or premiums for expansion adults, which states currently have the option to charge.
- The bill requires states to impose cost-sharing for select services of up to \$35 per service for expansion adults with incomes 100-138% of the federal poverty line.
- Primary care, mental health and substance use disorder services, as well as FQHCs and rural health clinics, are exempt from cost-sharing.

# Other Medicaid Cuts

- Eliminates the FMAP incentive for states that haven't yet expanded Medicaid (41 states already have).
- Effective January 1, 2027, reduces retroactive Medicaid coverage for qualified medical expenses incurred prior to the date of application for coverage, from 90 days to one month prior to application for coverage for expansion enrollees and two months prior to application for coverage for traditional enrollees.

# More Medicaid Cuts

- Slightly reduces maximum housing equity for Medicaid eligibility (to \$1 million) but removes the inflation adjustments going forward. Effective January 1, 2028.
- Prohibits for 10 years the implementation of the Biden-era nursing home staffing regulation and the rule to make it easier to enroll in Medicaid and the Medicare Savings Programs.
- Adds data requirements on states to verify beneficiaries' addresses, effective January 1, 2027.



# Rural Health Funding

- Effective upon enactment with funding available in FY 2026, establishes a rural health program that provides \$50 billion in grants to states for payments to rural health care providers from FY 2026 to FY 2030 that can be used for health care services, expanding the rural health workforce, providing technical or operational assistance and promoting care interventions.
- 40% shared equally across states with approved applications, 60% formula (see our [Tracker](#) for details)

# What About Medicare?

- Reduces access to Medicare for temporary protected status and refugees and asylees, who are currently eligible if they have paid sufficient Social Security and Medicare taxes.
- Terminates Medicare benefits no later than 18 months from enactment of the legislation for anyone who is currently receiving benefits but no longer eligible under these changes.
- Aforementioned prohibition on MSP and Medicaid enrollment rule.

# What About Medicare?

- The bill's impact on annual deficits would trigger more than \$500 billion in Medicare cuts between 2026 and 2034 because of S-PAYGO's rules that apply to mandatory spending sequestration.
- If not stopped by Congress, that's a 4% cut to providers, hospitals, etc.
- Other programs would be hit, as well, such as Social Services Block Grant.
- Congress unlikely to allow this to happen, then again....it's 2025 and conventional wisdom is being tested!

# SNAP Eligibility and Benefits

- Supplemental Nutrition Assistance Program (SNAP) cuts of ~\$300 billion over 10 years
- Work requirements expanded
  - Newly applied to people age 55 to 64
  - Reducing the age of child in the household to under 14 to be exempt from work reqs (unless there are 2 parents)
  - Ends veteran, homeless protections
- Limits state waiver authority to areas with unemployment above 10% and caps the duration of any waiver at 12 consecutive months.

# SNAP Cuts to States

- Increases states' admin. cost-share from 50→75% starting in FY 2027
- Beginning in FY 2028, states must also cover 5% of SNAP allotments. States with higher error rates would face increased cost-sharing requirements, up to 25%.
- Imposes these new costs on states with error rates as low as 6%. For context, currently 44 states have error rates higher than 6%.
- Limits Thrifty Food Plan benefit reevaluations to every five years and mandates cost neutrality.

# Debt Impact of OBBBA

- According to the nonpartisan Congressional Budget Office (CBO), the reconciliation bill would increase the debt over 10 years compared to current law by at least \$3.3 trillion. (Current debt =\$36 trillion)
- This puts pressure on the overall budget (including discretionary funding through annual appropriations process).
- A larger debt may make it harder to make the changes needed to ensure solvency of Social Security and Medicare.

# Next Steps

- **States** will need to analyze and prepare for these many changes and the domino effect on state and local budgets....make sure you're part of those conversations as much as feasible!
- **CMS and Dept of Agriculture** will have to issue guidance or regulations to provide more detail in the coming months/years (advocacy opportunity)
- Keep informing your **Members of Congress** about your concerns, any changes you observe locally in access to services, negative effects on OAs, PWDs

# Our To-Do List

- Protect and increase federal funding in FY 2026 appropriations
- Protect OAA and other aging programs through education on the return-on-investment
- OAA reauthorization only if can be done quietly and without any damage to the Act
- Weigh in on any OBBBA implementation/regulation opportunities

**EDUCATE AND ADVOCATE!**



**USAging** | Aging Policy Briefing  
& Capitol Hill Day

***Save the Date!***

**March 16–17, 2026**

WASHINGTON, DC





Leaders in Aging Well at Home

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# Questions?