

# New Medicaid Laws

Let's Talk About It and What You Can Do

July 2025

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# A Reminder

This information is intended to provide education and raise awareness about the impact proposals could have on people with disabilities, developmental disabilities, their families, aging adults, and people who use supports to live independently.

By sharing this information, the purpose is to help people be informed and prepared to engage in thoughtful dialogue regarding policies.

This training is part of our ongoing commitment to provide information for people to have access to needed community services, individualized supports, and other forms of assistance to promote their own self-determination, independence, productivity, and community living.\*

[\\*Developmental Disabilities Assistance and Bill of Rights Act of 2000, \(Public Law 106–402; 42 U.S.C. Sec. 15001 et seq.\) Section 101](#)

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# The Situation

## July 2025, President Trump signed legislation to:

- \$4.5 trillion tax cut
- \$1.5 trillion cut in spending across the federal budget
  - Of that, \$1.3 trillion cut from health care and food supports:
    - **Medicaid** and other health care – \$1 trillion
      - 17 million people in American lose health insurance, 3.4 million in California
    - **SNAP** (Cal-Fresh) – \$269 billion
      - 3 million could lose food supports,
  - This is the biggest cut to Medicaid and SNAP spending
- \$5 trillion increase in debt limit

## So what happens now?



Source: [What's in Trump's Big Policy Bill? - The New York Times](#); [About 17 Million More People Could be Uninsured due to the Big Beautiful Bill and other Policy Changes | KFF](#); [Here's what's in the big bill that just passed the Senate | PBS News](#)

# Overview

Let's talk about it...

- What just happened?
- What's in it?
- What happens now? And when?
- What can I do?

# What just happened?

This year, over 7,700 people were engaged in conversations about Congress' proposals to cut federal spending and Medicaid.

## **Telling Your Story**

More than 2,600 individuals shared their stories, in their own words, many with powerful photos.

But they passed the cuts anyway

**We are enough. Our stories are enough.**

# What just happened?

I wrote to you after it passed and many replied.

“We are all trying to do the best we can with what little we get. There are no extras, no handouts. We’re just making it from day to day.”

“All the letter writing in the world won’t help”

And more...

# What just happened?

Our silence is permission  
Our silence is acceptance

# What just happened?

HOPE HAS NEVER TRICKLED DOWN. IT HAS  
ALWAYS SPRUNG UP.

- STUDS TERKEL -

LIDQUOTES.COM

# What just happened?

## None can say they didn't know...

When meeting with different members of the California House delegation, people with developmental disabilities and families have been told they are being lied to. That H.R. 1 will not impact them.

People with developmental disabilities and their families know something important for the Representative to know too: services for people with developmental disabilities are optional. When Medicaid funding drops, optional services are cut.

Here is a list of mandatory and optional Medicaid services. People with developmental disabilities rely on the highlighted services.

Mandatory Medicaid Benefits States MUST Provide	Optional Medicaid Benefits States can CHOOSE
Inpatient/outpatient hospital services Physician services	Home and Community Based Services (regional centers) Community supported living

Historically, when Medicaid funding drops, states cut optional services. This happened during the last recession, and the Congressional Budget Office predicts it will happen under H.R. 1:

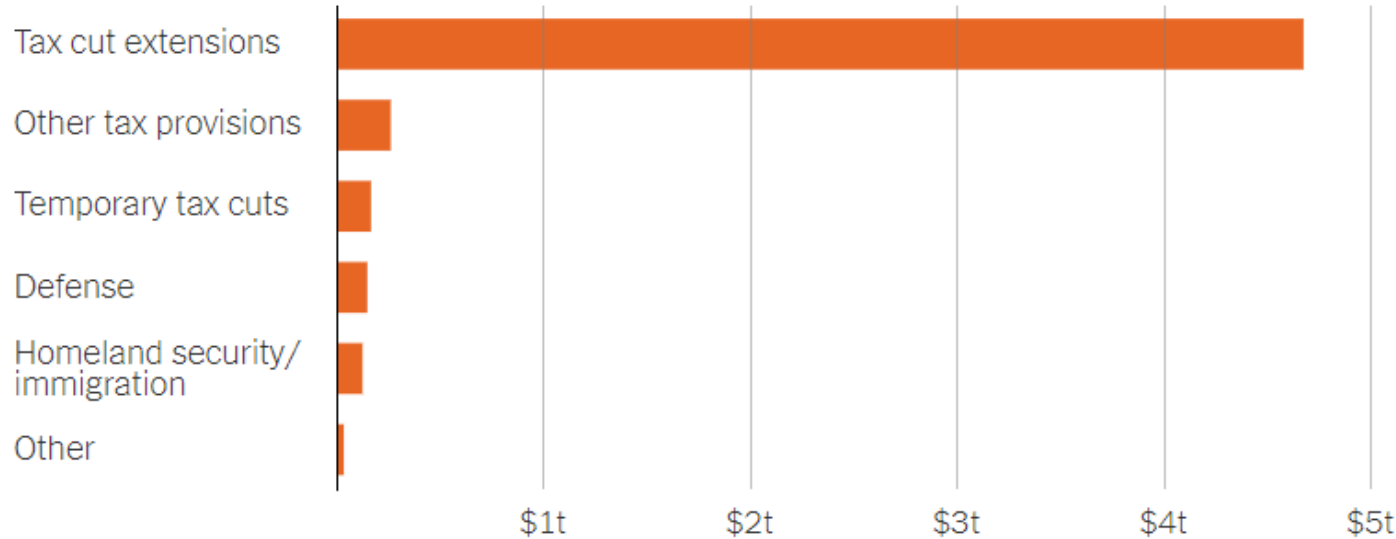
*CBO expects that in response to those provisions, states would modify their Medicaid or state-funded insurance programs to curtail their spending by reducing provider payment rates, **reducing the scope or amount of optional services**, and reducing Medicaid enrollment.*

H.R. 1 results in less Medicaid funding to states, which results in less services for people with developmental disabilities and their families. This includes people with Down Syndrome, Autism, Cerebral Palsy, epilepsy, and other conditions that require lifelong supports.

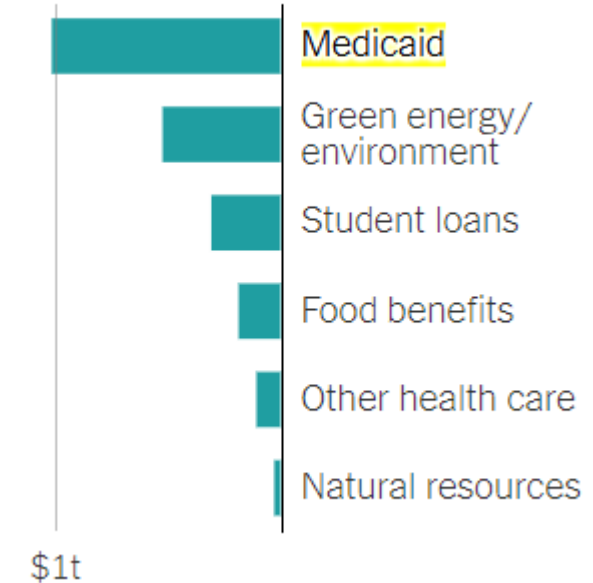
# What's in it?

**It's not just about budgets. It's about values.**

## 10-year costs



## 10-year savings



Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What's in it?

## **Tax cuts are the priority**

- Tax cuts from President Trump's first term were going to expire at the end of this year
  - Many people would have paid more taxes
- This bill keeps these tax cuts from ending
- This bill adds more tax cuts
  - No taxes on tips or overtime pay
  - Raise the childcare tax credit by \$200
  - Help people in California who have expensive home loans

# What's in it?

## Who get the most?

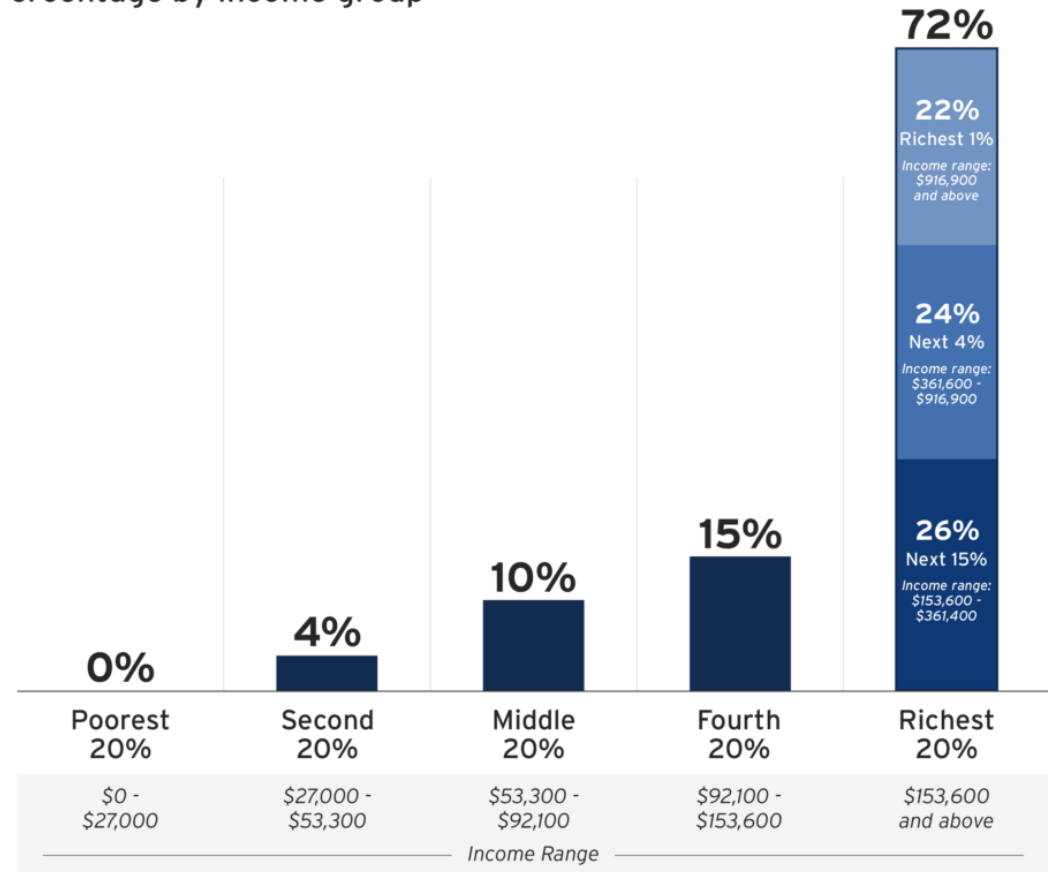
## People with more money get more of the tax cuts

- The richest get 72% of the cuts
  - About \$66,000 each
- The poorest get 0%
  - About \$40 each

Source: [Analysis of Tax Provisions in the Trump Megabill as Signed into Law: National and State Level Estimates – ITEP](#)

## Share of Tax Cuts from Trump Megabill in 2026 in the U.S.

Percentage by income group



Source: Institute on Taxation and Economic Policy Tax Microsimulation Model, July 2025

Institute on Taxation and Economic Policy | [ITEP.org](#)

# What's in it?

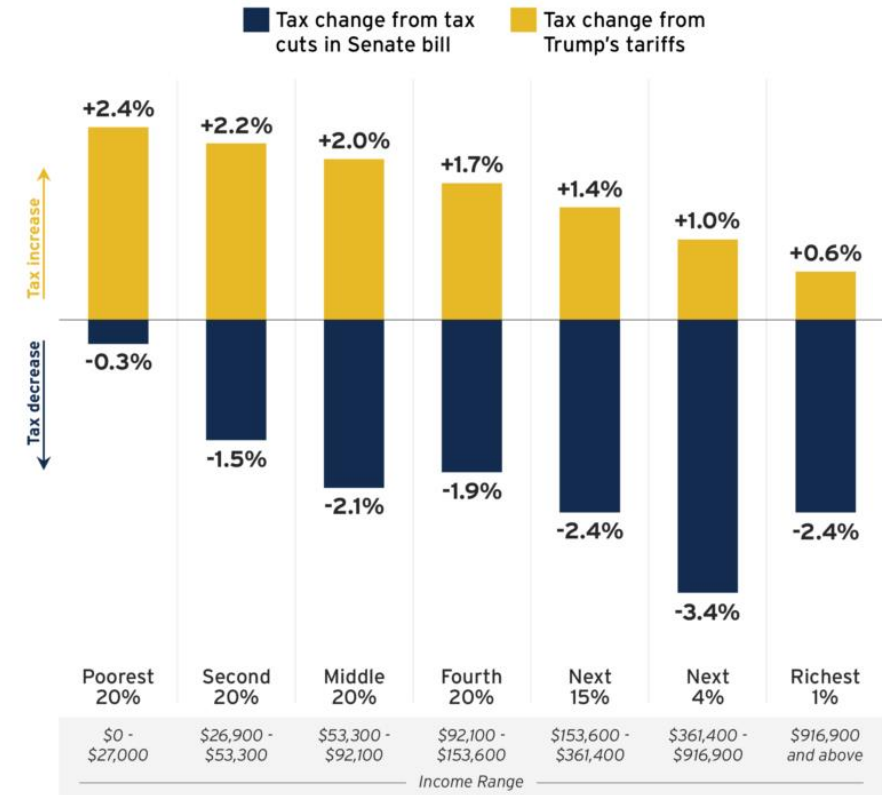
## Tariffs are a tax

- Tariffs are a tax on things from other countries
- Companies pay the tariff then raise prices
- This is why people say tariffs don't work
- Almost 60% of people will pay more as the price of things go up than save from the tax cut

Source: [Analysis of Tax Provisions in the Trump Megabill as Signed into Law: National and State Level Estimates – ITEP](#)

## Tax Changes From Tariffs Outweigh Tax Changes from Trump Megabill for Lowest 40% of Households

Tax change as a share of income, by income group



Source: Institute on Taxation and Economic Policy Tax Microsimulation Model, July 2025

Institute on Taxation and Economic Policy | [ITEP.org](#)

# What's in it?

**To pay for part of the tax cuts, there are cuts to Medicaid and other services**

	Description	Cut
<b>Work Requirements</b>	Require childless adults and parents of children older than 14 to work, volunteer or attend school for 80 hours a month as a condition of enrollment, unless they qualify for an exception, DD excepted	\$317 billion
<b>Provider Taxes</b>	Freeze current taxes states use to pay its part of the federal match and slowly lower the allowed rates from 6% to 3.5%	\$183 billion
<b>Medicaid Eligibility Rule</b>	Allow states to require more paperwork and more frequent eligibility checks for people in Medicaid	\$78 billion

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What's in it?

## Exempt from work requirements

“...person who is medically frail or otherwise has special medical needs, including an individual: who is blind or disabled...with a substance use disorder; with a disabling mental disorder; with a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living; or with a serious or complex medical condition”

“...person who is the parent, guardian, caretaker relative, or family caregiver of a dependent child 13 years of age and under or a disabled individual”

Source: beginning on page 681 [H.R. 1](#)

# What's in it?

**To pay for part of the tax cuts, there are cuts to Medicaid and other services**

	Description	Cut
<b>More Eligibility Checks</b>	Require states to check eligibility of people in the Medicaid expansion every six months instead of once a year	\$58 billion
<b>Managed Care Taxes</b>	Prevent states from using taxes on managed care plans to increase federal funding (CA uses this to help pay its share of Medicaid services)	\$34 billion
<b>Reduce Emergency Payments for Immigrants</b>	Lower the share of medical bills paid by the federal government for undocumented immigrants who are treated for emergencies	\$28 billion

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What's in it?

**To pay for part of the tax cuts, there are cuts to Medicaid and other services**

	Description	Cut
<b>Nursing Home Staffing</b>	Cancel a regulation that required minimum staffing ratios for nursing homes	\$23 billion
<b>New Co-Payments</b>	Require states to charge some Medicaid patients co-payments of up to \$35 for medical services	\$7.5 billion
<b>Limit Immigrant Medicaid Coverage</b>	Limit eligibility after a 5-year waiting period to green card holders and certain other immigrants (current law includes all who are “lawfully present”)	\$6.2 billion

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What's in it?

## Cuts to Other Health Care

	Description	Cut
<b>Obamacare Verification</b>	Require annual verification of income and other changes	\$82 billion
<b>Obamacare Penalties</b>	Require people who estimate their income incorrectly to refund the government for more tax credit	\$20 billion

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What's in it?

## Add to Medicaid

	Description	Adds
<b>Home and Community Based Services</b>	Allow states to apply for new waivers to offer home care services to more people	\$6.6 billion

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

# What happens now? And when?

**When will it go into effect? Cut taxes now, cut services later**

What?	When?
Tax cuts	Now in 2025
State have a plan for Medicaid work requirements	January 2026
Medicaid work requirement go into effect	December 31, 2026
Medicaid funding changes	2028

**There may be a year or more before you see changes**

Source: [What's in Trump's Big Policy Bill? - The New York Times](#)

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# What happens now? And when?

## Federal Notification and Implementation Guidelines to States



### Medicaid (Jan. 1, 2026)

Agency: CMS (Centers for Medicare & Medicaid Services)

Mechanism: State Medicaid Director Letters (SMDLs), Medicaid Informational Bulletins, Technical Assistance Calls/Webinars, Updates to Medicaid State Plan Amendment (SPA) process and waiver templates

Audience: State Medicaid agencies, governors, health and human services departments



### SNAP (2028)

Agency: USDA, Food and Nutrition Service (FNS)

Mechanism: Program memos and formal guidance, Regional office briefings and online trainings, Updates to policy handbooks and compliance checklists

Audience: State SNAP agencies, departments of social services/family assistance



### Provider Tax Reform (2028)

Agency: Centers for Medicare & Medicaid Services (CMS)

Mechanisms: State Medicaid Director Letters (SMDLs), Federal Register rules, Webinars and state consultation calls, Updated SPA and waiver templates

#### **Additional Considerations**

States reliant on provider taxes (especially nursing home or hospital taxes) should model alternative funding strategies.

CMS is expected to provide transition guidance to help states adjust budgets and Medicaid financing tools by the 2028 deadline.

# What happens now? And when?

When the guidelines are clear and plans are in place, the policy changes go into effect.

With less Medicaid dollars from Washington D.C. California will need to:

- Find other ways to pay for services, like by raising taxes or taking money from other parts of the state budget;
- Give services to fewer people;
- Give fewer services;
- Or a combination of these options

All are hard options for states!

When will the Governor and Legislature do this?

# What happens now? And when?

## **What's happening in California's Capitol now?**

July 17: Vote on the budget “clean up” bills

July 18 – August 18: Summer recess

September 12: Last day of the Legislative year

The Governor and Legislature will need to revise state Medicaid budgets to address gaps in all services and look at less money from provider taxes.

That may not be until the next fiscal year 2026-2027.

# What happens now? And when?

**What will this mean for my services? My family?**  
**It's too early to know.**

**We are here**



# What can I do?



**Get Skills**



**Connect**



**Report Problems**

# What can I do?



## **Build skills to talk with decision makers**

Trainings like these help you prepare to share your story, express what matters most to you, and speak out when Medicaid cuts or other policy decisions affect your life or the services you rely on.

You will learn how to start a conversation, what to say, and how to follow up effectively.

Everyone is welcome, whether you are new to advocacy or already using your voice.

# What can I do?

Launching **Medicaid Watch**  
[bit.ly/SCDDMedicaidWatch](https://bit.ly/SCDDMedicaidWatch)



Reductions in Medicaid-funded services have not yet happened.

When there are, you need to be able to do something. That's **Medicaid Watch**.

We want to hear directly from you about what is changing because Medicaid is changing.

Whether you lost a service, experienced delays, lost people who provide care, or are just worried about what's ahead, we want to know.

Your voice helps us hold systems accountable. **Medicaid Watch** is accountability.

# Last Thoughts

Our job is not finished.

We will keep showing up. We will keep telling the truth.

We will keep fighting for a California where everyone belongs.

We will keep working to make California the best place to live for people with developmental and other disabilities.

We know how to move forward: **together**



# Questions and Discussion

