



Learn the Latest: The Impact of the Budget Bill on Medicaid

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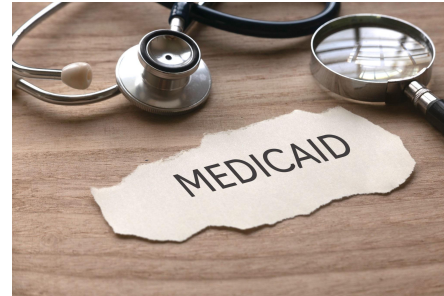
The Arc of New Jersey

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Medicaid Basics

- A jointly funded federal-state health insurance program that provides comprehensive healthcare coverage.
- **“NJ FamilyCare”** is **New Jersey’s Medicaid** program.
- In New Jersey, more than **1.8M individuals** on Medicaid.
 - More than **300,000 individuals** on Aged, Blind, Disabled (ABD) Medicaid
- The primary source of health care coverage for many people with intellectual and developmental disabilities (IDD)



NJ Medicaid Programs

- **There are 2 main types of NJ FamilyCare Medicaid:**
 1. “Affordable Care Act” (ACA) Expansion or “Modified Adjusted Gross Income” (MAGI) NJ FamilyCare Medicaid
 2. Aged, Blind, Disabled (ABD) NJ FamilyCare Medicaid
- **Most adults with IDD have ABD Medicaid.**



**NJ FamilyCare
Aged, Blind, Disabled Programs**

NJ FAMILYCARE
Affordable health coverage. Quality care.

ACA Expansion Medicaid

- Insures children under 19 (including the Children's Health Insurance Program), lower income adults, and pregnant women
- Eligibility is based on monthly household income.
- Maximum gross income of **\$1,800/month** for a single adult (2025)
- **Cannot qualify if a person has Medicare or generally if you are claimed as a dependent your parents' taxes.**
- ABD Medicaid is often a better option.

ABD Medicaid

- Insures people 65 and older, adults 19–64 who have Medicare, and people determined blind or disabled by Social Security, or the state.
- **ABD Medicaid Programs:**
 - Supplemental Security Income (SSI) Medicaid
 - “DAC” Medicaid (when a person comes off SSI)
 - New Jersey Care Special Medicaid
 - NJ WorkAbility
 - Managed Long Term Services and Supports (MLTSS)
 - “Non-DAC” or “Medicaid Only” via the DDD Waiver Unit

NJ FamilyCare
Aged, Blind, Disabled Programs

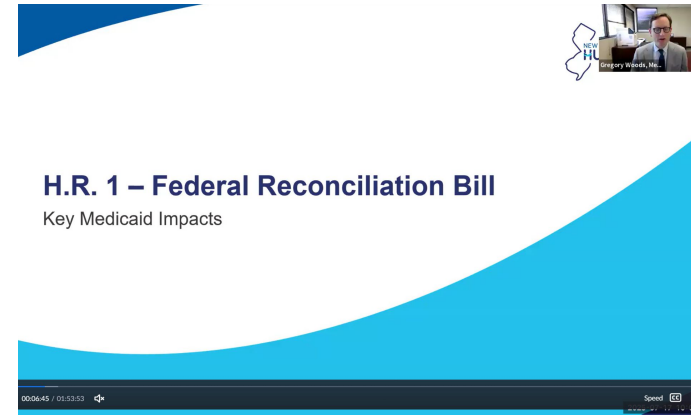
H.R. 1 (“One Big Beautiful Bill Act”)

- The federal reconciliation bill “OBBA” was passed by Congress and signed into law by the President on July 4th.
- Largest impact of the bill: **Medicaid cuts**
- Congressional Budget Office (CBO) estimated **over \$1 trillion** in cuts over the next 10 years.
- Largest cost savings from new eligibility requirements, which reduce Medicaid enrollment, and cutting provider payments.



Update from NJ DHS

- The NJ Department of Human Services (DHS) provided a detailed overview during the Medical Assistance Advisory Council (MAAC) meeting on July 17th.*
- Greg Woods, Assistant Commissioner of the Division of Medical Assistance and Health Services (DMAHS) and the Medicaid Director, provided a presentation on OBBA.
- [Access the MAAC meeting slides](#)
- [View the MAAC meeting recording](#)



**Information in these slides is based on the 7/17 DHS update.*

Who will be Affected?

- **OBBA primarily targets the Affordable Care Act (ACA) Expansion Medicaid population** – working age adults 19–64.
- Individuals enrolled on ABD Medicaid **will not** be directly affected by two main provisions in the bill:
 1. ***Mandatory Work Requirements*** (*working age adults 19–64*): *must work 80 hours/month or otherwise be completing 80 hours/month community service or attending school 80 hours/month*
 2. ***Increased Frequency of Eligibility Checks***: *Medicaid eligibility must be redetermined every 6 months (twice a year), instead of every 12 months (once a year)*

Work Requirements

- **Who is exempt?**
 - Pregnant and postpartum members
 - Individuals considered “**medically frail**”, *likely* including individuals with serious mental illness, substance use disorder, and **intellectual/developmental disabilities**.
 - Incarcerated or recently incarcerated individuals
 - Foster youth and former foster youth under the age of 26
 - **Parents or caregivers of dependent children under 13 and individuals with disabilities**
 - Certain other groups (See the MAAC slides).
- States must implement by **December 2026**.

6 Month Eligibility Checks

- Medicaid agencies must redetermine eligibility for the ACA Expansion group once every 6 months (twice a year).
- Since the ACA Expansion group is subject to the work requirements, most Expansion adults will need to prove they meet requirements twice a year.
- Effective for determinations occurring on or after **Dec. 31, 2026**
- **Does not apply to individuals enrolled on SSI or ABD Medicaid**

OBBA – Other Key Provisions

1. **Restrictions on provider taxes and state-directed payments** (07/04/2025)
 - Billions of lost dollars in federal revenues that are used to support Medicaid and the healthcare system in New Jersey.
 - Significant loss of funding for Medicaid providers (such as hospitals)
2. **Elimination of Medicaid eligibility for certain categories of documented immigrants** (10/01/2026)
 - More Medicaid members will lose their coverage
3. **Changes to “retroactive” Medicaid/CHIP eligibility** (01/01/2027)
 - Reduced to 1 month for ACA Expansion members
 - Reduced to 2 months for all other members
4. **Mandatory cost-sharing (co-pays) for certain members** (10/01/2028)
 - More financial burden on Medicaid members

Financial Impacts

- Overall, OBBA will result in reduced payments for Medicaid providers, less federal funding for NJ, and more financial burden on the state and counties.
- The state is in the process of analyzing the extent of the budgetary impacts over the coming years, including the financial losses for Medicaid.
- **Right now we do not know how OBBA will impact Medicaid services.**
- If the state faces budget hardships, optional Medicaid benefits such as Home and Community Based Services (HCBS), vision, and dental services could be impacted.
 - Reducing optional services and cutting provider payments have been options used in the past.

Snapshot of Projected NJ Impacts

Enrollment

- Up to **350,000 individuals** at risk of losing Medicaid coverage
- **15,000 – 25,000 individuals** losing coverage based on new immigration eligibility criteria.

State Financials

- Estimated **\$400M loss** generated annually by HMO assessment
- **Loss of \$45M** due to reduced federal support for emergency Medicaid
- Will need **large investments in new eligibility systems and resources**

Provider Financials

- Hospitals lose **\$2.8B** annually due to restrictions on provider taxes and directed payments
- Losses (projected billions) across the healthcare system due to reduced Medicaid enrollment

Other

- Reduced utilization of services due to new cost sharing
- Increased member burden to prove eligibility
- Increased eligibility workload and reduced county option revenue for county governments

Main Takeaways

- Most individuals with IDD (those enrolled on SSI and ABD Medicaid) will not have their Medicaid eligibility affected by the new work requirements or 6 month eligibility renewals.
- Many OBBA provisions do not go in effect until 2026 or later.
- The full extent of OBBA's impact is still being reviewed by NJ and the state Medicaid agency.
- We do not know how Medicaid may need to react to significant funding cuts, beginning in federal Fiscal Year 2027 (Oct. 2026 – Sept. 2027).
- **Individuals currently enrolled on Medicaid and DDD are not being disenrolled at this time due to the passage of OBBA!**

Tools and Resources

- July 17th MAAC Meeting (NJ DHS Presentation on OBBA)
 - [Slides](#)
 - [Recording](#)
- The Arc U.S. Action Center – thearc.org/action
 - Medicaid Toolkit – thearc.org/advocacytoolkits
- Sign up for The Arc of New Jersey Action Alerts!
 - <https://p2a.co/signupnj>