

Impact Health Policy Weekly

Framing the week

Congress is in recess until after Labor Day and will resume on September 2. During this period, Impact Health Policy Partners will provide a series of brief policy outlooks examining key priority areas likely to shape the health policy landscape this fall. This week, we are examining Medicaid and the Trump Administration's Make American Health Again (MAHA) efforts.

Medicaid

The recent budget reconciliation package is arguably one of the most influential pieces of legislation to impact the Medicaid program. The One Big Beautiful Bill ([H.R. 1](#)) includes significant changes to Medicaid heavily impacting both state financing, through limitations to provider taxes and state directed payments, as well as eligibility and enrollment through the establishment of new Medicaid work requirements and a doubling of the frequency of Medicaid redeterminations for the Medicaid expansion population. The more than \$900 billion in Medicaid cuts are the largest cuts experienced by the program since it was created almost 60 years ago. Implementation of this legislation will touch many policy areas including state legislation and special sessions, state and federal regulatory policy, and likely several pieces of guidance and state Medicaid official letters issued by CMS. Impact Health will be closely tracking all developments related to the implementation of this legislation. Please do not hesitate to contact a member of our team to discuss how we can support you in achieving your organization's goals related to the implementation of H.R. 1.

In addition to H.R. 1, there are a range of other areas that are expected to shape Medicaid during the remainder of the year. We outline a number of them below including a potential second budget reconciliation package, forthcoming regulations, recent state plan amendment approvals, implementation of CMS' altered guidance on continuous coverage, and litigation.

Reconciliation Part Two

There are currently rumblings of a potential second budget reconciliation bill this fall. For procedural reasons, Congress cannot pursue a package before October 1. Speaker Johnson is reported to be considering a one largely focused on tax provisions but he may not have the political buy-in necessary to pass another package. The Republican Study Committee is holding a *Reconciliation 2.0* workgroup and is also hosting staff briefings throughout the August recess to solicit recommendations for proposals to include in the package. Last week, Paragon Health Institute President Brian Blase was invited to speak to the Republican Study Committee about additional cuts to the Medicaid program. According to reports from [Politico](#), the briefing covered a range of topics including the percentage of Medicaid costs covered by the federal government (i.e. the FMAP).

Specific Medicaid cuts that might re-emerge from the first reconciliation discussion could include a second attempt to penalize states for covering immigrant groups by reducing their FMAP or other federal funding. The House version of H.R. 1 included a penalty that would have reduced the 90% enhanced FMAP rate

that states receive to cover the cost of Medicaid expansion to 80% if they provided health coverage to or helped immigrants afford health coverage plans utilizing state-only dollars. That provision was ultimately removed in the Senate and not included in the final bill. Similarly, the House version of H.R. 1 would have prohibited Medicaid dollars from covering gender affirming care for Medicaid enrollees including both adults and minors. That too was removed in the Senate but the Administration continues to be interested in it and we could see it re-arise in a new way if there is a second budget reconciliation bill. A third potential Medicaid provision could be a longer ban on Medicaid funding flowing to entities such as Planned Parenthood that provide abortions with non-governmental funds. House Budget Chair Jodey Arrington (R-TX) has urged lawmakers to revise policies that were removed from H.R. 1 due to the Byrd Rule so that they comply with the Senate rules.

In addition to considering a second Budget Reconciliation package, members of Congress have also proposed legislation that would alter Medicaid policy including in the first budget reconciliation bill. Senator Hawley (R-MO) introduced the Protect Medicaid and Rural Hospitals Act ([S. 2279](#)) to repeal H.R. 1's caps on Medicaid state provider taxes and to increase funding for the Rural Health Transformation Program. Rep Steube (R-FL) and Senator Paul (R-KY) introduced the Excluding Illegal Aliens from Medicaid Act ([H.R. 4384](#); [S. 2244](#)) to accelerate the timeline for implementing H.R. 1's provision that renders certain legal immigrant ineligible for Medicaid effective immediately. This includes refugees, asylees, victims of domestic violence, and survivors of sex trafficking, all who are in the country legally and currently eligible for full Medicaid. The provision is otherwise scheduled to take effect October 1, 2026. Neither of these bills have seen additional action.

Regulatory Actions – Forthcoming Regulations

There are currently three Medicaid-related rules are under review at the Office of Management and Budget (OMB): a [final rule](#) in support of the Trump administration's efforts to [increase federal oversight](#) on states using Federal Medicaid funding for the health care of undocumented immigrants; a [proposed rule](#) likely related to the [presidential memorandum](#) released on June 6 and H.R. 1's provision to tie state directed payments to Medicare rates; and a [proposed rule](#) to prohibit the use of Medicaid funding for gender affirming care for minors, something the administration tried to do through budget reconciliation but did not ultimately include in H.R. 1. As OMB reviews each of these regulations in the coming weeks or months, we will see them finalized and/or published for public comment.

Medicaid Waivers

Trends in SPA Approvals

CMS has approved 327 State Plan Amendments (SPAs) since the second Trump Administration began. These range from establishing coverage for Certified Community Behavioral Health Clinics in [Georgia](#) to new home and community based services (HCBS) in [Kentucky](#). In particular, an array of maternal and child health related SPAs have been approved, including a recent expansion of nurse home visiting Targeted Case Management in [Oregon](#), presumptive eligibility for pregnant women in [Mississippi](#), payment changes in [Arkansas](#) including unbundling and increasing rates for prenatal, delivery and postpartum professional services by 70%, expanding the categories of providers who can offer prenatal and postnatal psychosocial counseling services in [Utah](#), and updated payment methodology for long-acting reversible contraception provided immediately postpartum at acute care hospitals in [Washington](#).

Implementation of CMS Guidance Altering Continuous Eligibility

A notable change in Medicaid waiver policy occurred when CMS announced that the agency does not plan to approve any new state waivers or extend existing state waivers that provide continuous eligibility for periods or populations beyond what is required under Medicaid or CHIP statute. CMS explained at the time that it believes that providing continuous eligibility could potentially impact fiscal and program integrity, and as a result the agency will work with states that have existing approved waivers for continuous eligibility and provide technical assistance to help states unwind their continuous eligibility plans. According to data from [Kaiser Family Foundation](#), 12 states have received waiver approval to implement different continuous eligibility policies. How CMS supports states to minimize Medicaid disenrollment and churn as they unwind continuous eligibility waiver programs will provide valuable insights into the numerous provisions of H.R. 1 that will pose similar challenges to eligibility and enrollment of qualified Medicaid beneficiaries.

Litigation

[Litigation](#) filed by the Planned Parenthood Federation of America is pending against the provision of H.R. 1 that prohibits federal Medicaid funding from flowing to organizations that provide abortions. Medicaid funding has long been banned from being used for abortions. This provision takes restrictions to a new level by banning Medicaid funding from organizations such as Planned Parenthood members that provide abortions with non-federal funds. As of August 18th, a preliminary injunction issued in late July remains in place and is currently blocking the Trump Administration from implementing the provision against Planned Parenthood Federation of America members nationwide. As this case continues in the courts, time will show whether the provision can stand and set a new precedent, or if the courts rule it unlawful. A coalition of 22 state Attorney Generals and D.C. also filed [suit](#) against the Defund Provision alleging that the provision forces them to either defund critical health care centers or cover the costs themselves, thus undermining Medicaid's federal-state financing framework. A [third case](#) arguing that the provision violates the Equal Protection Clause was also filed in Maine. The outcome of these cases – and whether the preliminary injunction remains in effect – will shape Medicaid enrollee's access to the broad range of health services provided by Planned Parenthood ranging from contraception to cancer screenings.

Of note, these legal challenges come following the Supreme Court ruling in June in [Medina v Planned Parenthood](#) that states are allowed to exclude certain providers – including Planned Parenthood clinics – from their Medicaid programs. As the year proceeds, we could see additional states alter their Medicaid provider lists and remove Planned Parenthood or other providers whose broadscale services they disagree with.

CMS Publishes Guidance for Medicaid Managed Care Rate Development

The Centers for Medicare & Medicaid Services (CMS) has released the 2025–2026 Medicaid Managed Care Rate Development [Guide](#), a resource for states to use when setting capitation rates with managed care plans for Medicaid beneficiaries. The guide specifies the information that must be included in states' actuarial rate certifications for CMS review and approval for rating periods between July 1, 2025, and June 30, 2026.

The guide is organized into three main sections:

- Section I covers requirements that apply to all Medicaid managed care capitation rates.
- Section II addresses considerations for developing rates that include long-term services and supports (LTSS).
- Section III focuses on issues specific to capitation rates for the new adult group.

Two appendices provide additional details: Appendix A outlines procedures for the accelerated rate review process, and Appendix B describes the documentation required when states use in-lieu-of services and settings.

Make America Healthy Again

Secretary of the Department of Health and Human Services (HHS) Robert F. Kennedy Jr. is spearheading the Administration's actions related to the Make America Healthy Again (MAHA) movement, a broad initiative focused on chronic disease prevention and rooted in skepticism about the U.S. government and food and pharmaceutical industries. [Included here](#) is a high-level summary of recent MAHA-related actions on nutrition, vaccines, and chronic disease. Below, we provide an update on the work of the MAHA Commission.

MAHA Report

While Secretary Kennedy is leading the MAHA movement, President Trump established the MAHA Commission through [Executive Order 14212](#) to include a variety of cabinet members from relevant federal agencies such as the Department of Agriculture (USDA), Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), National Institutes of Health (NIH), Department of Education, and Environmental Protection Agency (EPA). The Commission's first charge is to issue an assessment on drivers of childhood chronic disease by May 22nd and an action plan based on the assessment by August 12th.

The first report identified poor diet, aggregation of environmental chemicals, lack of physical activity and chronic stress, and overmedicalization as the root of chronic disease ([Impact summary](#)). HHS and USDA received significant pushback from various industry groups implicated in the report, especially the historically conservative agriculture industry. Stakeholders and congressional Democrats also [questioned](#) the Secretary about inaccuracies, unsubstantiated claims, and false citations in the first MAHA report. In a [hearing](#), Secretary Kennedy said he did not personally review citations, but claimed that the errors were corrected and the conclusions are unchanged. Democrats countered that changing the sources without modifying the conclusions in the report indicates that the Administration cherry-picked evidence to support existing beliefs in the MAHA movement.

The controversy surrounding the first report is expected to influence the subsequent action plan. Farm groups [reportedly received promises](#) that USDA will not ban widely used pesticides mentioned in the first report. There is also pressure on the Administration to ensure that the citation issues in the first report are not repeated. HHS [stated](#) that the strategy report was delivered to the President on August 12th, but is not yet public as the Administration coordinates relevant officials. [Draft materials](#) leaked by

Politico list plans to address the issues identified in the first report, including enhanced research, food and drug marketing and review reforms, deregulation, agency restructuring, public education, and private sector collaboration.

Regulatory Update

Note: The OMB website displaying the review status of regulations has been “under maintenance” since at least Friday, August 15. Below, we highlight pending regulations as of Monday, August 11.

The Office of Management and Budget completed reviewing an [interim final rule](#) titled, “Administrative Simplification: Modifications to NCPDP Retail Pharmacy Standards. OMB is also reviewing the following:

- **Medicare:**
 - **CY 2026 Medicare Advantage/Part D Policy.** Final CY 2026 policy and technical changes to the [Medicare Advantage, Medicare Prescription Drug Benefit, and Medicare Cost Plan Programs, and PACE](#)
- **Medicaid:**
 - **Gender-Affirming Care.**
 - A [proposed rule](#) titled, “Medicaid Program; Prohibition on Federal Medicaid Funding for Sex Trait Modification Procedures Furnished to Children and Youth.”
 - A [proposed rule](#) titled, “Medicare and Medicaid Programs; Hospital Condition of Participation: Limiting Participation Based on the Performance of Sex Trait Modification Procedures on Children.”
 - **Immigration Status.** A [final rule](#) titled, “Medicaid Eligibility Changes Under the Affordable Care Act of 2010; Giving States Freedom to Use Immigration Information to Determine State Residency for Medicaid Eligibility.” The final rule is part of the Trump administration’s efforts to [increase federal oversight](#) on states using Federal Medicaid funding for the health care of undocumented immigrants.
 - **State Directed Payments.** A [proposed rule](#) titled, “Medicaid Managed Care-State Directed Payments.” The proposed rule appears intended to advance a [presidential memorandum](#) released on June 6, which directs HHS to “eliminate waste, fraud, and abuse in Medicaid, including by ensuring Medicaid payments rates are not higher than Medicare, to the extent permitted by applicable law.”
- **Prescription Drugs:**
 - **Labels.** A [notice](#) from the Food and Drug Administration titled, “Safety Labeling Changes--Implementation of Section 505(o)(4) of the Federal Food, Drug, and Cosmetic Act; Draft Guidance for Industry; Availability.”
 - **Non-Opioid Analgesics.** An FDA [notice](#) titled, “Development of Non-Opioid Analgesics for Chronic Pain, Draft Guidance for Industry; Availability.”
 - **Investigational Drugs.** An FDA [notice](#) titled, “Expanded Access to Investigational Drugs for Treatment Use: Questions and Answers; Guidance for Industry; Availability.”

- **Nutrition:**
 - **Head Start.** A [notice](#) from the Administration for Children and Families titled, “Publish Request for Information: Nutrition Services in Head Start Programs”

This Week in Health Policy

Wed. (8/20)

- **1:00pm – BPC Discussion: H.R.1 Impacts on Family Benefits and Housing** – The National Press Club’s Journalism Institute and the Bipartisan Policy Center (BCP) hold a discussion on H.R.1’s impact on family benefits and housing, including what the law means for the Low-Income Housing Tax Credit and the child tax credit. [Details.](#)
- **1:30pm – Health Affairs Discussion: 340B Drug Pricing Program** – Health Affairs holds a discussion on the 340B Drug Pricing Program, including updated policy considerations and implementation timelines. [Details.](#)
- **2:00pm – Justice in Aging Discussion: Issues Impacting Older Immigrants** – Justice in Aging holds a discussion to provide a high-level overview of major issues facing older immigrants in 2025. The webinar will also provide advocates with information regarding the recent sharing of private Medicaid information to immigration officials, the narrowing of immigrant eligibility for Medicare and Medicaid, and the erosion of protected areas from immigration enforcement. [Details.](#)

Thurs. (8/21)

- **4:00pm – RAND Discussion: Health Insurance for Veterans 65 and Over** – The RAND Epstein Family Veteran Policy Research Institute holds a discussion on the health and well-being of older veterans. RAND researchers and expert panelists will discuss the issue of “double payments” by both veterans and the government, and consider ways to enhance coordination between VHA and Medicare to make the veterans’ health care system more efficient and effective for everyone involved. [Details.](#)

Featured Analysis

- **OBBA Medicaid Provisions and Timeline for Implementation** – In Policy Hub [here.](#)
- **Changes to ACA Premium Tax Credit Policy in 2026 and Beyond** - In Policy Hub [here.](#)
- **Supreme Court Decisions Reshape Medicaid, Gender-Affirming Care, and Judicial Power** – In Policy Hub [here.](#)
- **AI in Health and Governance Roundup: New Frameworks, Tools, and Oversight Challenges** – In Policy Hub [here.](#)
- **Litigation Update: Legal Cases in Response to Trump Administration Executive Actions** – In Policy Hub Insight Bank [here.](#)
- **100 Days of Disruption: Health Policy Under Trump 2.0** – In Policy Hub Insight Bank [here.](#)

Regulatory Lookback

Thurs. (8/14)

- **President Trump** issued an [executive order](#) (EO) entitled: “Ensuring American Pharmaceutical Supply Chain Resilience by Filling the Strategic Active Pharmaceutical Ingredient (API) Reserve.” [Details.](#)

Wed. (8/13)

- **HHS OCR** released [updates to FAQ pages](#) on HIPAA Privacy Rule data sharing related to value-based care and patient access to HIPAA-covered data. [Details.](#)
- **CMS** [released](#) a set of FAQs on the Wasteful and Inappropriate Service Reduction (WISeR) Model. [Details.](#)
- **CMS** [convened](#) a listening session to gather industry input on two key priorities: real-time claims processing in Medicare and Electronic Data Interchange (EDI) cybersecurity controls. [Details.](#)

Comment & Application Deadlines

- **August 29:** CMS issued the CY 2026 home health prospective payment and rate update [proposed rule](#). [Details.](#)
- **August 29:** CMS issued the CY 2026 ESRD PPS [proposed rule](#). [Details.](#)
- **August 31:** HRSA released the [notice](#) of an application process for a voluntary 340B Rebate Model Pilot Program and request for comments. [Details.](#)
- **September 2:** The USPSTF is requesting comments on a [draft recommendation statement and draft evidence review](#) on screening and behavioral counseling interventions for reducing unhealthy alcohol use in adults and adolescents. [Details.](#)
- **September 11:** The FDA issued an [RFI](#) to begin its process of reviewing nutrition requirements in infant formulas. [Details.](#)
- **September 12:** CMS released the CY 2026 Medicare PFS [proposed rule](#). [Details.](#)
- **September 15:** CMS released the CY 2026 OPPS [proposed rule](#). Comments are due September 15. [Details.](#)
- **September 26:** The FTC issued an [RFI](#) seeking public comment on gender-affirming care (GAC) for minors. [Details.](#)