

Impact Health Policy Weekly

Framing the Week

Health Policy to Watch. The House returns today and is likely to take up the Senate's continuing resolution (CR) for fiscal year (FY) 2027 appropriations before recessing next week. The full Congress will then be back in session on September 14.

During this August period, Impact Health Policy Partners is providing 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**, including notable upcoming H.R. 1 developments, congressional and regulatory program integrity efforts, actionable open comment periods, and litigation. Key dates are flagged throughout.

Medicaid Update & Outlook

One Big Beautiful Bill Act (OBBBA / H.R. 1)

States are preparing for H.R. 1 implementation, including vast changes to Medicaid eligibility, eligibility systems, financing and more. As a reminder, the bill includes the largest cuts in Medicaid's history: > \$900 billion. CBO estimates that 10 million individuals will become uninsured as a result of the law. Key forthcoming dates include the following, plus our H.R. 1 implementation timeline outlines all provisions through 2032:

- **Oct. 1:** H.R. 1 **immigration** restrictions take effect, rendering lawfully present individuals such as refugees, asylum seekers, individuals with Temporary Protective Status (TPS), and victims of domestic violence or sex trafficking ineligible for full Medicaid coverage. They will remain eligible for more limited emergency Medicaid, and some states such as CA are utilizing state dollars to continue making coverage available
- **Oct. 1:** Federal funding for **emergency Medicaid** decreases
- **Dec. 31:** Medicaid **work requirements** take effect
- **Dec. 31:** Medicaid expansion enrollees required to **renew coverage every 6 months**
- **Dec. 31:** Medicaid **retroactive eligibility will be shortened** from 3 months to 2 months for traditional Medicaid enrollees and 1 month for Medicaid expansion enrollees.
- **Jan. 1:** State's section 1115 waivers must meet CMS' new **budget neutrality requirements**
- **Jan. 1:** New Medicaid eligibility verification requirements take effect, requiring states to share enrollee SSN with federal database and check multiple **databases**

Additionally, as state legislatures plan to reconvene following the midterms and early in 2027, they will need to address significant changes to how Medicaid is funded, including H.R. 1's changes to **provider taxes**, which the majority of states utilize to fund their programs.

Waste, Fraud, and Abuse

Following the passage of H.R.1, Congress has largely focused its continued discussion of changes to the Medicaid program around making improvements to address waste, fraud, and abuse. The House Energy and Commerce (E&C) Subcommittee on Oversight and Investigations convened a hearing examining state Medicaid program integrity where Republican members emphasized provider-level vulnerabilities and state system weaknesses, including fraud prevention controls and accountability measures. The Senate Budget Committee convened a similar hearing this month, examining spending growth and fraud in the Medicaid program. Republican Senators, including Chair Ron Johnson (R-WI), went so far as to argue that many states are complicit actors in fraudulently increasing federal payments to the Medicaid program, largely due to the increased federal match for the Medicaid expansion population.

Numerous Republican House Members have recently [expressed frustration](#) that Congress' attention to this matter has not yet resulted in new laws tackling fraud, and many will be looking for leadership to make good on their assertions that this topic will be revisited following the midterms, potentially in a fourth reconciliation package. Relatedly, the Washington Post [published](#) Vice President JD Vance's call to Congress to codify the Administration's anti-fraud efforts by passing legislation to increase penalties for those guilty of committing fraud, increasing funding for staff and technology to assist in fraud detection, and improving data sharing between states and the federal government.

Regulations

Administratively, CMS [intends](#) to issue a new proposed rule related to the administration's efforts to strengthen Medicaid and CHIP program integrity. The rule will revise or rescind certain Biden administration regulations and enhance oversight of provider enrollment. The agency will also continue implementing H.R. 1 and is likely to continue its pattern of using its authority to advance Medicaid policy changes beyond what is explicitly written in the statute, with final rules expected on provider taxes and state directed payments. By early 2027, we also expect to see official guidance on CMS' implementation of H.R. 1's budget neutrality requirements. The agency previously [indicated](#) in a letter to states that it will require states to comply with these changes beginning January 1, 2027, even if a final rule has not yet been issued. Of note, CMS denied Arkansas' request to renew the [Section 1115 waiver](#) through which the state expanded Medicaid using a hybrid approach.

Open Comment Opportunities

There are currently several open comment opportunities that will impact Medicaid:

- **Sept 21:** Comments due on H.R. 1 Medicaid provider tax rule (see [IHPP summary](#)).
- **Sept 25:** Comments are due on the Request for Information ([RFI](#)) regarding Medicaid technology (see [IHPP summary](#))

Litigation

Medicaid-related litigation remains active in multiple areas, including [litigation](#) brought by states and D.C. regarding CMS' proposed implementation of H.R 1 Medicaid work requirements and medical frailty exemptions. The next notable hearing in that case is Oct. 20 (see [IHPP summary](#)). [Litigation](#) also continues regarding DHS' attempt to require states to share Medicaid data with DHS and ICE for immigration-enforcement related efforts. Components of that data sharing have been blocked, but the federal government's compliance with those legal orders has been called into question. Litigation also

continues over allegations of fraud, waste, and abuse in Medicaid in NY, as well as [challenges](#) to CMS' expanded use of funding deferrals and withholding authorities in response to alleged Medicaid program-integrity concerns.

Regulatory Update

Recently Arrived at OMB

- **Substance Use Disorder Confidentiality.** [Notice](#): FAQ: Part 2 Confidentiality Requirements for Substance Use Disorder (SUD) Patient Records and Exceptions to Medicaid Community Engagement Requirements for Certain Individuals with SUD
- **Organ Donation.** [Notice](#): Modification of Living Organ Donation Reimbursement Program Eligibility Guidelines in Response to Honor Our Living Donors Act

All other pending regulations can be found [here](#).

This Week in Health Policy

An overview of upcoming events is included below. Events highlighted in **orange** are those that we will be covering in detail:

Mon. (8/31)

- **9:30am – HAC Meeting: Health Care System Financing and Delivery** – The Centers for Medicare and Medicaid Services (CMS) holds the second public meeting of the Healthcare Advisory Committee (HAC), which will continue the discussion on the committee's vision, and begin discussions on policy recommendations to improve health care financing and delivery across Medicare, Medicaid, CHIP, and the Marketplace, including chronic disease management, quality and accountability, real-time data use, care for vulnerable populations, and Medicare Advantage sustainability. [Details](#).
- **2:00pm – HITAC Meeting: Health IT Infrastructure** – The Health Information Technology Advisory Committee (HITAC) holds a meeting of the Annual Report Workgroup to discuss program updates, including recommendations to the National Coordinator on the topics of interoperability, privacy and security, patient access, and use of technologies that support public health. [Details](#).

Tue. (9/1)

- **10:00am – Hearing: Sanctuary Policies and Immigration Enforcement** – The House Judiciary Subcommittee on Immigration Integrity, Security, and Enforcement holds a hearing examining sanctuary policies in California, Colorado, and Maryland and their implications for immigration enforcement and public safety. [Details](#).
- **10:30am – Hearing: Birth Tourism** – The House Oversight and Government Reform Task Force on Defending Constitutional Rights and Exposing Institutional Abuses holds a hearing examining

birth tourism and companies that market maternity services to foreign nationals seeking to give birth in the United States. [Details.](#)

- **12:00pm – AHP Discussion: Perspectives on MACRA** – The Alliance for Health Policy (AHP) holds a briefing examining the Medicare Access and CHIP Reauthorization Act (MACRA) more than a decade after its enactment. The discussion will assess what worked in the 2015 reforms, where gaps remain, and what those lessons mean for current Medicare payment policy and efforts to advance value-based care. [Details.](#)
- **2:00pm – Hearing: Welfare Reform at 30** – The House Ways and Means Subcommittee on Work & Welfare holds a hearing marking the 30th anniversary of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Members are expected to examine the law's legacy and discuss the role of work requirements and personal responsibility in federal welfare programs. [Details.](#)

Wed. (9/2)

- **10:15am – Hearing: Cutting Red Tape for American Workers and Job Creators** – The House Education and Workforce Subcommittee on Workforce Protections holds a hearing examining federal workplace regulations and their impact on workers, employers, and job creation. [Details.](#)

Thurs. (9/3)

- **Meeting: MedPAC** – The Medicare Payment Advisory Commission (MedPAC) meets to discuss Medicare issues and policy questions. [Details.](#)

Fri. (9/4)

- **Meeting: MedPAC** – MedPAC meets to discuss Medicare issues and policy questions. [Details.](#)

Featured Analysis

- **Medicaid Round-Up: H.R. 1 Implementation and Program Integrity** – In Policy Hub [here](#).
- **AI Policy Roundup** – In Policy Hub [here](#).
- **2026 Regulatory Outlook** – In Policy Hub [here](#)

Regulatory Lookback

Fri. (8/28)

- **The DOL, HHS, and the Department of the Treasury** [issued](#) guidance clarifying questions raised in class-action lawsuits challenging tobacco surcharges some employers add to premiums for their group health plans through workplace wellness programs. [Details.](#)

Wed. (8/26)

- The Department of the Treasury and the IRS issued a [proposed rule](#) that would treat the refunded portion of four refundable federal income tax credits as a Federal public benefit under the PRWORA. Comments are due October 5. [Details.](#)

Mon. (8/24)

- **DHS** has [issued](#) a NPRM that would impose a new \$103,265 fee on all H-1B cap-subject petitions. Comments are due September 24. [Details.](#)
- **The USDA** [announced](#) the new Harvest to Hallways initiative to improve school meals by connecting farmers to schools. [Details.](#)

Litigation Highlights

Much is happening in the litigation space, including court orders restricting the President's attempt to limit mail-in ballots, agencies' efforts to make federal funding conditional on ideological alignment with the administration, the Department of Justice's authority to subpoena patient information from health care providers who provide gender-affirming care, and other areas. Highlights are below.

Mail-In Voting: Last week brought a rapid series of court rulings over the Trump administration's efforts to restrict mail-in voting. Most recently, on August 27, a federal court [granted](#) emergency relief blocking the U.S. Postal Service (USPS) from implementing portions of its newly finalized mail-ballot rule ahead of the November 3 midterm elections in [League of Women Voters of Massachusetts v. Trump](#). The court's temporary restraining order will remain in effect for 14 days while the parties brief the plaintiffs' request for a preliminary injunction; a hearing is scheduled for September 3. The order temporarily halts implementation of the challenged provisions as litigation over the rule moves forward. The latest ruling followed a significant development on August 24, when the Supreme Court [stayed](#) a separate court order in [Trump v. California](#) that had blocked implementation of the administration's executive order. The Supreme Court held that the California plaintiffs' challenge was premature because USPS had not yet issued a final rule implementing the executive order. After USPS finalized the rule, plaintiffs in [League of Women Voters of Massachusetts v. Trump](#) amended their challenge, prompting the August 27 emergency ruling.

Federal Funding: In *County of King v. Turner*, On August 25, the Ninth Circuit upheld an injunction blocking the administration from conditioning federal grants on requirements related to immigration enforcement, abortion, gender identity, and other ideological policies. The decision could have broad implications for the administration's strategy of using federal funding to advance policy priorities beyond those authorized by Congress.

Birthright Citizenship: In *State of Washington v. Trump*, on August 28, a federal judge declined to immediately block the administration's revised executive order restricting birthright citizenship but raised serious questions about its constitutionality under the Fourteenth Amendment. The case is likely to receive expedited consideration and could become another significant test of the administration's authority over birthright citizenship.

Gender Affirming Care: On August 26, in [Coe v. Blanche](#), the Second Circuit Court of Appeals [rejected](#) the Trump administration's attempt to lift a lower-court order protecting the medical records of transgender youth and their families in New York. The ruling leaves in place an injunction barring the Department of Justice from using subpoenas to obtain the identities and sensitive health information of transgender patients who received gender-affirming care as minors at New York City-area hospitals. While the Second Circuit's ruling specifically protects patients and families affected by the New York case, it is the latest in a series of legal setbacks for the administration's broader effort to obtain medical records related to gender-affirming care for minors nationwide. Similar challenges have led courts to block or limit DOJ subpoenas in the [D.C. area](#) and [California](#), while the department has abandoned its pursuit of records in [Pennsylvania](#).

Immigration, Free Speech, & Palestinian Advocacy: In *American Association of University Professors v. U.S. Department of State*, on August 28, a federal judge ruled that the administration could not use immigration authorities to revoke visas or pursue deportation based on protected political advocacy for Palestinian rights. The ruling represents a significant First Amendment and due-process constraint on the administration's use of immigration enforcement against political speech.

For additional information regarding legal developments, please see our [litigation tracker](#).

New Comment & Application Deadlines

- **September 24:** DHS has [issued](#) a NPRM that would impose a new \$103,265 fee on all H-1B cap-subject petitions. [Details](#).
- **October 5:** The Department of the Treasury and the IRS issued a [proposed rule](#) that would treat the refunded portion of four refundable federal income tax credits as a Federal public benefit under the PRWORA. [Details](#).

All open comment and application deadlines can be found [here](#).