



## Agenda/Notes

Office of Governor Tina Kotek

RJC Health Equity and Human Services Committee

August 20, 2025 – Zoom

3:00 – 4:30 pm

Moderator – Javier Cervantes

### MEMBERS

X	Annie Valtierra-Sanchez	X	Elizur Bello	X	Marin Arreola
X	Bahaa Wanly	X	Jackie Leung	X	Matt Newell-Ching
X	Coi Vu	E	Jeremiah Rigsby	X	Melinda Del Rio
X	Dolores Martinez	X	Josie Silverman-Mendez	X	Tae-Sun Kim

### OTHER ATTENDEES

	Andre Bealer	X	Yasmin Solorio	X	Javier Cervantes
X	Kristina Narayan		April Rohman	X	Rachel Currans-Henry
X	KC LeDell			X	Liesl Wendt, ODHS

Topic/Lead	Notes/Main Points	Decisions/Action Items
<b>Welcome and Intros (All)</b>	<i>Javier initiates meeting. Committee members answer prompt “share your name, what do you do, where are you located, what got you interested in health equity”.</i>	
<b>Meet and Greet, Liesl M. Wendt, ODHS Director</b>	<p><i>Rachel Currans-Henry introduces Liesl Wendt, ODHS Deputy Director.</i></p> <p><b>Rachel:</b> The work we have at OHA and Human Services is critical work. We announced at the start of July Director Fariborz is retiring on October 1<sup>st</sup>. He has over 30 years of leadership experience in state service and is transitioning into retirement. Governor appointed Liesl Wendt as the next director, pending senate confirmation. Want to ensure you hear from her priorities, and most importantly what your committee priorities are as she takes the floor at DHS.</p> <p><b>Liesl:</b> What your hopes are the Governor is going to give me 100 day goals and I'm also doing a listening tour myself to hear what people want to see from the agency leadership by the end of this year.</p> <p>Started my career at Oregon Food Bank as a policy advocate. In 1996, welfare reform was a really difficult time. I come from an advocate perspective; I come from a community organizer perspective. I really view my role as ‘how do I move the agency closer to the community’ and that means lots of different things. What does it look like to invest in community - so spending more of our resources with community-based organizations for responses, when we can polling</p>	

**Meet and Greet,**  
**Liesl M. Wendt, ODHS**  
**Director**  
(Continued)

community voice into our executive leadership to help inform our decisions. So that's probably my number one goal for the agency. Improved customer experience. Customer means a lot of different things to different people but improve the experience for people who are interacting with us. Secondly, is how do we get closer to the community. That's the equity part of that social determinants of health and part of that is helping people see themselves in our staff, feel welcome in our buildings. Everything from signage to how we look at grant opportunities differently than before. One common theme we've heard from community based organizations since COVID is we're the state's largest agency, we often have multiple contracts with community based organizations and we're going to strive if you're contracting with us, to have one contract administrator. Making the administrative burden of working with us easier sounds simple, but it's not. Heading into this federal environment, part of our work is to be thoughtful and be proud of our decisions. Our team is leading with equity first. We want to be transparent on what we can and can't influence and our choices. Hopefully our team can continue to join these meetings. The perspective is amazing and insightful.

**Annie:** Information sharing with federal agencies is a worry. Information is tied to communities and funding, how is that information being protected, shared, or what are the things that are in place that could be put in place. That's something we want to continuously be in conversation and ask for transparency. When community members come to us, we can share how they are being protected.

**Liesl:** Recently, worked with the Governor's Office (GO) and Dept of Justice (DOJ) on an information request. Have had support from DOJ and GO. We have a chief data officer and are triple checking before we share anything.

**Matt:** It's unfortunate for you that in the first 100 days you have to revamp SNAP implementations. Can you share your philosophy and share thoughts on how we can drive error rates down and limit harm?

**Liesl:** Our hope is how we can look at technology and operational improvements. How do we collectively talk about what's causing errors and coming up with system solutions. Would love to follow up with you on that. We are learning about Ai and training our staff. Working on strong communication plan for those getting snap and will be impacted.

<p><b>Meet and Greet,</b>  <b>Liesl M. Wendt, ODHS</b>  <b>Director</b>  <i>(Continued)</i></p>	<p><b>Tae-Sun:</b> One of the challenging aspects of my role is having to operationalize some of the legislative data collecting initiatives. Very proud of my organization for the efficient way in which we've been able to collect sensitive real DOG data as well as other data but it comes at a tremendous price and cost to our workforce with very little in return. I do see that where the data is not shared, if it is analyzed, it's usually buried somewhere really deep in the OHA website. It can be easily manipulated and misinterpreted to spread all sorts of horrible stereotypes about our immigrant patient population; it's being gathered and pulled from all different directions. I do think that it's being collected aggressively and reported irresponsibly, because there's already so much community data that is out there and being underutilized and under shared. My plea and or question is for providers and healthcare systems, like my own, that have really developed their trust with their patients to collect some of the most personal data pieces about their struggles, how are we going to be rewarded, incentivized or given some relief? Because my organization, just like a lot of healthcare organizations, are going through reductions in forces usually it's the non-clinical positions that are either eliminated or whittled away we are doing more with less resources.</p> <p><b>Liesl:</b> ODHS houses the Office of Immigrant and Refugee Advancement (OIRA), that was in the Governor's Office, moved to DHS and we have a brand new director, Jessica Ventura. One piece that you mentioned around data, we share the challenge of getting admin staff to do this kind of data work. I think being in collaboration this community when we make those data requests of how important the people doing the work and not just collecting it as you said but being able to do something with the data is an area where I think we can do some strong partnership. We have a data officer and she has a colleague with OHA so I'll take some of your feedback to her because I think that's an area that that we can certainly lean in on with our peers over at OHA.</p>	
<p><b>Priorities (Policy Advisors/All)</b></p> <ul style="list-style-type: none"> <li>○ Review of Budget Analysis &amp; Update on Medicaid &amp; SNAP Changes</li> <li>○ Working with GO Staff in an Advisory Role for Maximum Impact</li> </ul>	<p><b>Rachel:</b> The Governor issued a press release that identified analysis of HR1 impacts:  <a href="https://apps.oregon.gov/oregon-newsroom/OR/GOV/Posts/Post/governor-kotek-announces-effects-of-trump-budget-cuts-to-oregon">https://apps.oregon.gov/oregon-newsroom/OR/GOV/Posts/Post/governor-kotek-announces-effects-of-trump-budget-cuts-to-oregon</a>  Fiscal impact analysis was done:  <a href="https://www.oregon.gov/das/Financial/Documents/Federal-Impact-HR1-Initial-Analysis.pdf">https://www.oregon.gov/das/Financial/Documents/Federal-Impact-HR1-Initial-Analysis.pdf</a></p> <p>Primary impacts are on OHA and DHS. The analysis is a federal fiscal loss to the state. This impacts individuals.</p>	

**Priorities**  
(continued)

The below links to a summary document of each of the departments:

<https://drive.google.com/drive/folders/1lyr4bNXj9OBk7e0ZKgU30wC4DG3sQ4aR>

*Rachel shares "FINAL H.R. 1 Impact Analysis\_ODHS-SNAP\_8.11docx.pdf"*

The analysis will change as guidance comes out. The table shows the provision number and description, and the fiscal year.

**Josie:** Why are one notices going out to people?

**Rachel:** This is a tricky one, will need to get back to you on solid answer but my understanding is anything being communicated at the moment is not related to HR1. Theres five counties related to changing in work requirements. Historically the changes are part of the standing workgroup and payment issues. I think what's happening is some of the existing work is being worked on at the moment and getting confused with HR1 changes. There is a monthly snap call on communication and messaging. That forum will be important for day-to-day work on communications to maintain. Maintaining the SNAP program is absolutely the starting place. We are talking about the rules and choices we need to follow on how to operate in the future.

*Kristina shares "FINAL H.R. 1 Impact Analysis\_OHA\_8.11.docx.pdf"*

<https://drive.google.com/file/d/1Khf9UnAZQMyU5FyJZ6ZCLWjRuMdfuG8U/view>

Here's what you have for the numbers for biennium impacts right these are \$1,000,000 figures. These are estimated federal funds losses, not necessarily state fund impacts. We are working through that analysis now.

Continuous eligibility and coverage largely affects 2027. Direct funding cuts will promote eligibility and broader conversation.

Where the definition of folks who are lawful non-citizens who historically have been eligible for Medicaid coverage after a certain and under certain circumstances are now being narrowed and no longer eligible for the purposes of Medicaid. We also see that with some eligibility for certain tax credits on the marketplace. The copay piece is another example of the ACA expansion. I would just view this as a shrinking of who is now eligible but the very short version here is that there are immediate impacts to folks based on the

**Priorities**  
(continued)

coverage they're eligible for. I think one of the jobs we need to do in this very short amount of time to January is make people aware of their choices for more affordable coverage. I think there is real education around citizenship and resident eligibility changes across Medicaid and the marketplace that we need to be able to communicate to people because this is not an immediate change people are not talking about.

**Javier:** Thoughts on regrouping to come up with themes and priorities to develop a workplan going into legislative days. Especially in regards to Medicaid and expansions. Thoughts on that?

**Marin:** We should meet in September.

**Josie:** That is really good. Where is our opportunity as a committee to articulate decision makers for early September.

**Coi:** Do we have an estimated number of folks being cut off of marketplace? Different populations and those who are ineligible for insurance?

**Kristina:** We have preliminary estimates from the draft of the bill but I don't know if we've published it. We can get that for sure for the committee.

**Coi:** DACA will no longer be eligible for marketplace in a few days. Also thinking of this as a Community Health Center (CHC) would, I imagine many will be uninsured and rely on community health centers. With CHC being federally funded, it's an odd balance. We want to ensure people get the services they need.

**Kristina:** Definitely heard. Thank you.

**Annie:** Suggest we continue to have these conversations and as you have them in the agencies, the consistent messaging is important. When we talk to CCO, clinics, communities, how this is being put out publicly and the same message and consistency is important.

**Javier:** We will work with our advisors to figure out a meeting time in early September. Once we put a doodle poll, please get responses back in a timely manner. Thank you for all that information.

*Next RJC meeting is Sept 18<sup>th</sup>*

RJC Team to send out doodle poll for a September meeting.

## Meeting Materials



FINAL H.R. 1 Impact  
Analysis\_ODHS-SNAI



FINAL H.R. 1 Impact  
Analysis\_OHA\_8.11 .c

### Zoom Chat

15:02:01 From Yasmin Solorio (She/her), Gov Office to Hosts and panelists:

- Welcome and Intros (All)—5 minutes
- Meet and Greet, Liesl M. Wendt, ODHS Director-25minutes (Rachel will introduce and provide background)
- Priorities (Policy Advisors/All)—60 minutes
  - o Review of Budget Analysis & Update on Medicaid & SNAP Changes
  - o Working with GO Staff in an Advisory Role for Maximum Impact

15:09:12 From Yasmin Solorio (She/her), Gov Office to Hosts and panelists:

Who you are, what you do, where you are located

15:16:55 From Liesl Wendt, ODHS Deputy Director to Hosts and panelists:

Rachel sends her apologies. She's still with a visiting Taiwan delegation who are visiting Oregon to learn about intersection between health and human services.

15:33:24 From Euvalcree - Dolores Martinez to Hosts and panelists:

Hello All! My apologies, I was in another meeting.

15:50:51 From Javier Cervantes, Gov. Office (El, He, Him, His) to Hosts and panelists:

Here is that press release:

<https://apps.oregon.gov/oregon-newsroom/OR/GOV/Posts/Post/governor-kotek-announces-effects-of-trump-budget-cuts-to-oregon>

15:51:51 From Javier Cervantes, Gov. Office (El, He, Him, His) to Hosts and panelists:

Here is the Estimated Impacts of HR 1 link: <https://www.oregon.gov/das/Financial/Documents/Federal-Impact-HR1-Initial-Analysis.pdf>

16:13:45 From Matt Newell-Ching (he/him) to Hosts and panelists:

+ 6 counties: Benton, Clackamas, Hood River, Multnomah, Washington, and Yamhill

16:14:19 From Josie Silverman-Mendez (she/her), Willamette Health Council to Hosts and panelists:

What's strange is the CAC member who brought this to my attention lives in Marion County...

16:15:08 From Matt Newell-Ching (he/him) to Hosts and panelists:

(Counties where Clock starts ticking Sept 1, but not due to HR 1): <https://www.oregon.gov/odhs/food/pages/snap-time-limits.aspx>

16:15:30 From Yasmin Solorio (She/her), Gov Office to Hosts and panelists:

Just a quick 15 min time check

16:17:06 From Tae-Sun Kim to Hosts and panelists:

Kristina, you're a champ!

16:17:25 From Elizur Bello to Hosts and panelists:

I hope you feel better soon, Kristina

16:24:10 From Yasmin Solorio (She/her), Gov Office to Hosts and panelists:

<https://drive.google.com/file/d/1Khf9UnAZQMyU5FyJZ6ZCLWjRuMdfuG8U/view>

16:28:34 From Rachel Currans-Henry (OR, she/her) to Hosts and panelists:

<https://www.oregon.gov/odhs/news/Pages/federal-updates.aspx>

16:28:49 From Rachel Currans-Henry (OR, she/her) to Hosts and panelists:

<https://www.oregon.gov/oha/Pages/Federal-Changes.aspx>

16:30:10 From Rachel Currans-Henry (OR, she/her) to Hosts and panelists:

Sharing the above links to the ODHS and OHA webpages we have to provide information on the federal changes.

16:34:49 From Jackie L to Hosts and panelists:

Apologies, need to hop off for another meeting. thank you.



## Governor's Office Preliminary H.R. 1 Impact Analysis Oregon Department of Human Services

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### Overall Budgetary Impacts (Billions)

This fact sheet summarizes the specific impacts of H.R.1 to the people that the Oregon Department of Human Services (ODHS) serves through SNAP. All 740,000 plus individuals accessing SNAP benefits will see some changes to their benefits. However, the nature of the changes will depend on many factors, including policy changes and decisions that have yet to be made. The bottom line is these budget cuts will reduce food aid for families, children, older adults, Tribal communities, and immigrants; take food off people's tables; place unsustainable financial burdens on the state; jeopardize the well-being of Oregonians, hurt local food businesses and farmers, and lead to lower economic activity and tax revenue in Oregon.

The budget passed by Congress on July 4, 2025 (H.R.1) will lead to ~\$3 billion in federal funding cuts over the entire 2025-2029 period.

H.R. 1 Provision	Description	25/27	27/29	2029 +
Section 10101: Re-Evaluation of Thrifty Food Plan	Changes to Benefit Levels: household benefit levels will not keep up with the price of food, effectively reducing benefits, until at least October 1, 2027.	TBD	TBD	TBD
Section 10102: Modifications to SNAP Work Requirements	Changes to Eligibility Levels: changes the age ranges and reduces the number of people who will receive food assistance.	-\$347M (pending federal rules)	-\$397M	-\$397M
Section 10103: Availability of Standard Utility Allowances	Changes to Eligibility Levels: Delinks Low-Income Home Energy Assistance Program (LIHEAP) and SNAP ("Heat & Eat") making "Heat	-\$65M (pending federal rules)	-\$65M	-\$65M

Based on Receipt of Energy Assistance	and Eat” programs only available to elderly and disabled members.			
Section 10105: Matching Benefit Funds	Reduces Federal Funding: Establishes a SNAP benefit cost-share for states with payment error rates 6% or above. This estimate shows Oregon paying 15% of SNAP benefits due to the current error rate of 14.06%. Cost-share can be reduced beginning in FFY2028 if payment error rate is reduced.		-\$438M (Oct. 1, 2027 <sup>1</sup> )	up to -\$500 M <sup>2</sup>
Section 10106: Administrative Cost Sharing	Eliminates Federal Funding: Reduces federal administrative match to 25%. Oregon’s match for administrative costs will increase from 50% to 75%.	-\$95 M <sup>3</sup> (Oct. 1, 2026)	-\$250M	-\$250M
Section 10107: SNAP-Ed Program	Federal Funding Elimination: Removes SNAP-Ed (nutrition education) funding.	-\$20M (Oct. 1, 2025)	-\$20M	-\$20M
Section 10108: Non-citizen SNAP Eligibility	Changes to Eligibility Levels: removes some previously eligible populations such as refugees, individuals granted asylum and other conditionally allowed individuals.	-\$13M (pending federal rules)	-\$13M	-\$13M
Biennial total		-\$540 M	- \$1.18 B	- \$1.25 B
<b>Total</b>		<b>-\$2.970 B</b>		

## Immediate Impacts

Many of the Supplemental Nutrition Assistance Program (SNAP) benefit changes included in H.R. 1 carry an effective date of July 2025; however, federal guidance has not been released so it is unclear how and when changes will become effective. ODHS has not implemented changes

<sup>1</sup> While the State of Oregon employs a biennial budget starting July 1 of odd-numbered years to June 30<sup>th</sup> two years late, the federal fiscal year is a 12-month period from October 1 to September 30 of the following year.

<sup>2</sup> Budgetary impacts in 2029 and beyond are unknown at this point. Cost-share rate may be reduced if payment error rates are reduced. Caseload projections will vary depending upon how many people lose SNAP eligibility.

<sup>3</sup> \$125 million reflects the difference between a 50% and 75% cost share, not the total administrative cost. 2025/2027 costs are prorated to reflect federal fiscal year.



and will await USDA – Food and Nutrition Service guidance prior to making any policy changes.

**Section 10101 (Reevaluation of Thrifty Food Plan)** - SNAP benefits won't rise with food prices, making it harder for families and individuals to afford groceries. This can lead to more hunger, poor health and lower school performance for children.

**Section 10103 (Availability of Standard Utility Allowances Based on Receipt of Energy Assistance)** – Those receiving a higher SNAP allotment due to receiving certain types of energy assistance will see a reduction in their benefits unless there is someone in their SNAP group ages 60 or older or who has a disability. About 17,000 households will be impacted and see an average SNAP decrease of \$58 a month.

**Section 10102 (Modifications to SNAP Work Requirements for Able-Bodied adults)** - Beginning no later than January 1, 2026, more than **310,000 adults** ages 18 but not yet 65 with no dependent children under age 14 will have to meet ABAWD work exemptions or requirements. Those who do not meet an exemption or work requirements will lose SNAP benefits after receiving three countable months of SNAP between January 1, 2025, to December 31, 2027. The 310,000 count includes:

- Those living in communities with insufficient jobs, including tribal communities.
- Those aged 60 and older, exacerbating food insecurity for older adults.
- Those previously exempt: 1,139 veterans; 23,475 persons experiencing homelessness; and 253 youth formerly in foster care. This change unwinds Biden administration changes.

**Section 10107:** Starting October 1, 2025, federal funding for the SNAP Nutrition Education Program (SNAP-Ed) will end. This will cause programs that teach about healthy eating to close across Oregon. It will also lead to people losing their jobs who run these programs.

**Section 10108 (Noncitizen SNAP Eligibility)** – Lawfully present noncitizens who qualify for SNAP will lose SNAP eligibility unless they are a qualifying lawful permanent resident, Cuban or Haitian entrant, or a COFA citizen living in the United States. About 2,957 lawfully present noncitizens who were eligible for SNAP before passage of H.R1 will lose SNAP benefits.

## **Short-Term Impacts**

The reduction in federal funding for program administration at this historic level (**Section 10106**, 75% cost share requirement) means the current amount of legislative authorized funding to serve existing SNAP clients is insufficient. Oregon will need to assess its options for meeting the new 75% administrative cost-share requirements during 2026. The absence of legislatively authorized

funding during 2026 may result in program reductions. Program reductions will mean more Oregonians will experience hunger or reduced access to foods.

### **Long-Term Impacts**

The largest SNAP impact to Oregon from H.R. 1 stems from the elimination of a 100% federal benefit program and federal requirement placed on the state to provide cost-share to maintain SNAP benefits (**Section 10105**).

The size of Oregon's federally required contribution will be dependent upon its ability to invest in administrative and system improvements to reduce payment error rates. If Oregon invests in reducing its payment error rate, long-term budgetary impacts impacting food coverage for Oregonians may be reduced. Under H.R. 1, if the SNAP error rate is below 6% percent, a state's share of the cost of benefits remains at zero percent.

From now on, any new SNAP program or policy changes, whether from the federal or state government, will need to consider the new rules for how much Oregon has to pay. This includes the higher cost of running the program and helping cover SNAP benefits. These costs must be part of any future planning or budget decisions.



## Governor's Office Preliminary H.R. 1 Impact Analysis Oregon Health Authority

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### Overall Budgetary Impacts (Millions)

Note: This table summarizes the loss of federal funding (FF) to the programs OHA operates and does not take into account other budgetary impacts, such as administrative costs to implement changes, etc.

H.R. 1 Provision	Description	FF 25/27	FF 27/29	FF 29/31
71107	Imposes additional administrative red tape, requiring adult Medicaid members in the expansion eligibility group to prove they're eligible for benefits every six months instead of every two years.	-\$127M	-\$534M	-\$571M
71110	Cuts what the federal government pays for individuals eligible for reimbursable emergency services, but who are not eligible for full Medicaid due to immigration status.	-\$22M	-\$60M	-\$65M
71115	Cuts provider taxes, which are used to support providers and fund Medicaid services, by 0.5 percentage points per year beginning in 2028, from its current 6% to 3.5% by 2032.	\$0	-\$603M	-\$1,729M
71116	Reduces state directed payment rates to a benchmark rate of 100% of Medicare and limits the	-\$155M	-\$1,208M	-\$2,290M

	scope of new state directed payments, which are used to support reimbursement for providers and Medicaid funding.			
71118	Prohibits use of federal Medicaid dollars by Planned Parenthood for all services otherwise reimbursable by the federal government for a period of one year.	-\$17M	\$0	\$0
71119	Imposes new limits on Medicaid coverage by conditioning eligibility on work and community engagement requirements for certain individuals.	-\$344M	-\$2,171M	-\$2,321M
71401	Creates a short-term Rural Health Transformation Program for states to administer to certain rural health providers. Oregon is expected to apply and anticipates receiving \$100 million per federal fiscal year based on the minimum funding formula beginning in 2026 through 2030.	175M	200M	125M
<b>Total</b>		<b>-490M</b>	<b>-4,376M</b>	<b>-6,851M</b>

## Immediate Impacts

### One Year Prohibition on Federal Funding to Planned Parenthood

- Defunds Planned Parenthood by denying it federal reimbursement for preventative services otherwise covered by federal and state Medicaid dollars for one year upon passage.
- Funding cuts threaten essential access for the over 100,000 Oregonians who rely on Planned Parenthood for preventative care, including cancer screenings.

### **Reduction in Federal Funds for Emergency Services**

- Beginning October 1, 2026, Oregon will receive less federal Medicaid funding to cover Congressionally required emergency services for Oregonians who are ineligible for full Medicaid coverage due to their immigration status.
- This reduced federal funding will increase the state's share of the costs for Congressionally required emergency medical care for non-citizens by an estimated \$22 million in the current biennium.

### **Changes to Medicaid eligibility**

- Refugees, asylees, victims of human trafficking, and other people who are lawfully residing non-citizens will no longer be eligible for federally funded Medicaid benefits. This will result in disruption of care and potential coverage loss while increasing state costs to provide similar coverage to this vulnerable population.
- Individuals who lose Medicaid access because of this change would become eligible for Healthier Oregon coverage, incurring additional state funds impact.

### **6-month Eligibility Checks for Expansion Adults**

- Families and individuals who already have busy lives will be required to prove they are eligible for benefits four times more frequently than before.
- Beginning the first quarter of 2027, Oregon will be required to reverify eligibility for adult Medicaid members who are a part of the expansion population every six months. This means that instead of checking eligibility once every two years, the state will be required to do this twice a year, impacting over 580,000 people currently enrolled in the program.
- This policy will increase administrative burden for individuals and families, increase Oregonians' risk of losing coverage because of paperwork errors, and make it more likely they are forced to postpone or forgo care, while also creating significant new administrative costs at OHA and ODHS.
- Oregon's current 1115 waiver expires in September 2027, which may allow Oregon to delay implementation until October 1, 2027. State agencies will need to make major IT system changes and hire a considerable number of additional eligibility staff to support the additional workload, for which the state does not have existing funding.

### **Medicaid Work Requirements for Expansion Adults**

- Beginning January 1, 2027, it will be more difficult for adults ages 19-64 who are eligible for Medicaid to stay insured because they will now need to comply with federal work and community engagement requirements.
- Limited exemptions will be available for pregnant women, Tribal members, veterans with rated disabilities, medically frail individuals, members in alcohol or other substance use treatment, people determined to meet work requirements for TANF and/or SNAP, certain

parents/caregivers, and individuals who are incarcerated or recently released from incarceration within the past 90 days.

- Even with these exemptions, projected coverage loss due to these requirements could be significant, with estimates suggesting that between 100,000 and 200,000 Oregonians will lose OHP coverage due to challenges demonstrating compliance with new requirements. The law also prohibits access to subsidized Marketplace coverage for those who lose Medicaid under this provision.
- Coverage loss will increase uncompensated care for providers and put further strain on safety net clinics, especially Federally Qualified Health Centers, and hospitals. Increased member churn also adds to the administrative costs for providers and the health system.
- While the effective date for new work-reporting requirements may ultimately fall in the 2027-29 biennium, planning, hiring, and IT system resources are needed in the current biennium to meet deadlines and anticipated requirements.
- OHA and ODHS will need to make major IT system changes and hire a considerable number of additional eligibility staff to comply with CMS requirements.

#### **Limited Duration Rural Health Transformation Program**

- By December 31, 2025, the CMS Administrator must determine awards to states for the Rural Health Transformation Program.
- H.R.1 allocates \$50 billion nationally to this fund, representing only a fraction of the total long-term federal funds cuts that states and providers will face under H.R. 1.
- Half of the funding earmarked by H.R. 1 will be split evenly among states and Oregon anticipates receiving \$100 million per federal fiscal year beginning in 2026 through 2030.

## **Short-Term Impacts**

#### **Reduction of Provider Tax Rates**

- Starting in fiscal year (FY) 2028, the federal government is gradually lowering the maximum provider tax rate from 6% to 3.5% by FY 2032.
- Provider taxes are often returned to providers in the form of higher payments, supporting overall health care access, and are a critical tool used by all states except Alaska to help finance the state's share of Medicaid funding in partnership with the federal government.
- This reduction will cut federal funding for the Medicaid program by more than \$600 million in the 27-29 biennium, while limiting Oregon's ongoing ability to invest in the state's health care system.

#### **Reduction of State-Directed Payments**

- The law limits the scope of any new state directed payments (SDPs) to 100% of Medicare rates for states that have expanded Medicaid, meaning Oregon will lose federal funding for directed payments used today, further destabilizing the state's Medicaid program.

- SDPs are additional payments states may make to health care providers to support them in offering quality care, especially to Medicaid patients. These payments often exceed standard Medicare rates to support providers serving low-income communities.
- Under the new law, states with SDPs above Medicare rates will need to reduce payments by 10 percentage points per year, beginning in 2028, until they are no greater than 100% of Medicare payment levels for expansion states. Although Oregon's current State Directed Payments would be grandfathered, all payments that are above the 100% Medicare cap would reduce.
- This change will have at least a \$1 billion impact in the next biennium compared to the current projected budget.

### **Copays for Certain Higher Income Medicaid Beneficiaries**

- Beginning October 1, 2028, Oregon adults who are on Medicaid through the ACA expansion group will pay more for the same coverage they receive today.
- Oregon must impose cost-sharing requirements on adults in the ACA expansion group with income at or above 100% of the federal poverty level (FPL).
- Co-payments can be cost-prohibitive for low-income families and generally dissuade people from seeking health care. Oregon stopped the practice of copays in 2017 due to these realities.
- Certain services are excluded from the new requirements, including primary care, prenatal care, pediatric care, emergency room care (except for non-emergency care provided in emergency rooms), and mental health/substance use disorder treatment. Services provided by Federally Qualified Health Centers, Certified Community Behavioral Health Centers, and Rural Health Clinics are also exempted from requirements.

### **Changes to Marketplace Premium Tax Credit Eligibility for Non-Citizens**

- H.R. 1 further reduces eligibility and federal funding available for health insurance by limiting who can receive subsidized coverage. This will also reduce who is eligible for OHP Bridge, the state's Basic Health Program.
- Beginning in 2026, lawfully present non-citizens with income below 100% FPL who are ineligible for Medicaid due to not meeting the 5-year residency requirement will no longer be eligible for premium tax credits on the Marketplace.
- Beginning in 2027, several groups of non-citizens currently eligible for Marketplace tax credits will lose eligibility, including refugees, asylees, and other people with temporary protected status. Green card holders, Compact of Free Association (COFA) individuals, and certain Cuban and Haitian entrants defined in federal law would retain eligibility.

### **End of Automatic Re-Enrollment for Marketplace Enrollees**

- Marketplace enrollees will face new administrative hurdles to maintain the coverage they pay for.
- Beginning with the open enrollment process for the 2028 coverage year, people enrolled in the Marketplace will no longer be able to automatically re-enroll in their plan from year to year. Instead, everyone will be required to update their Marketplace application and proactively select a plan each year.
- Approximately one-third of Marketplace enrollees currently allow their plan to automatically renew without having to actively update their application and select a plan. Imposing this requirement, therefore, will increase the burden of time and energy to maintain the same coverage they have today. Enrollees who aren't aware of the change may surprisingly lose coverage.

### **Removal of Premium Tax Credit Repayment Caps for Marketplace Enrollees**

- Marketplace enrollees who do not accurately predict income on their Marketplace application or submit income adjustments throughout the coverage year will be responsible for returning all excess advance premium tax credit (APTC) payments they received to the IRS.
- Currently, Marketplace enrollees with incomes under 400% FPL are limited in the amount of APTC they must repay when filing taxes. H.R. 1 removes the repayment caps for all enrollees, regardless of income, beginning in tax year 2026.
- Consumers who should have been eligible for Oregon Health Plan or OHP Bridge will be responsible for paying back all APTC they received, which could be upwards of hundreds or thousands of dollars.

## **Long-Term Impacts**

Due to the changes in eligibility and funding for services, there will be a significant decline in Medicaid members accessing benefits, and potentially an increase in Healthier Oregon caseloads.

### **Reduction of Provider Tax Rates and state-directed Payments**

- The state's Medicaid program will be significantly destabilized by the reduction of provider tax rates and a shortfall further created by limits on state-directed payments, undermining the state's ability to continue offering the same Medicaid benefits, eligibility and provider rates today.
- New provider tax limits are projected to cut federal funds by \$12 billion over 10 years.
- The budget shortfall from state-directed payments will also grow in future years. During the 2029-31 biennium, the impact is estimated to be over \$2 billion.

### **Potential additional auditing activities**

- Oregon expects to receive a higher volume of audits to assess compliance with new requirements in the legislation, increasing administrative burden.