

2025 Budget Reconciliation Updates

Key Human Services Provisions

Last Updated: May 22, 2025

Background: On May 22, 2025, the House of Representatives passed [H.R.1](#), One Big Beautiful Bill Act. The bill will now move to the Senate. Budget Reconciliation is a special legislative process used by Congress where a simple majority of both the House and Senate is required—thereby avoiding the filibuster in the Senate—but the bill is required to address only certain tax, mandatory spending, and debt limit legislation. Policy changes that do not have direct or significant budget impact are generally prohibited.

Below is a summary of major provisions that have an impact on state and local human services agencies. As the Budget Reconciliation process evolves, we will continue to update this summary. For questions or clarifications regarding this summary, please contact [Lexie Kuznick](#), Director of Policy and Government Relations at APHSA.

Importantly, based on the bill’s anticipated increase to the deficit, experts expect a sequestration of funding of other human services programs will be triggered under the Statutory Pay-As-You-Go Act of 2010 (PAYGO). Congress could still take action to prevent PAYGO from applying to H.R. 1, but if they do not, we believe that PAYGO would lead to the complete elimination of funding for 10 years for the Social Service Block Grant (SSBG), Maternal, Infant, Early Child Home Visiting (MIECHV), and Promoting Safe and Stable Families (PSSF), and have small reductions of funding to federal administrative costs related to the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and child support.

Table of Contents

SNAP.....	2
Medicaid	4
Other Key Provisions.....	9

SNAP

Unless specifically noted otherwise, these changes are all written to be effective immediately upon passage.

Section 10001: Thrifty Food Plan:

- Specifies percentages of the Thrifty Food Plan for household sizes.
- Requires a reevaluation of the Thrifty Food Plan not earlier than October 1, 2028, and not more frequently than every five years, based on current food prices, consumption data, and dietary guidance.
- Requires that any update be published with its methodology and results in the Federal Register and allows for a comment period of at least 60 days.
- Requires that any adjustment be cost neutral.
- Requires the Secretary to adjust the Thrifty Food Plan to reflect changes in the Consumer Price Index each fiscal year and make cost adjustments for the urban and rural parts of Hawaii and Alaska, as well as for Guam and the Virgin Islands.

Section 10002: Able-Bodied Adults Without Dependents Work Requirements:

- Changes the Able-Bodied Adults Without Dependents (ABAWD) work requirement age range to those 18-64 (currently 18-54).
- Changes the exception for those with dependent children to only apply to children under seven (currently applies for all children under 18).
- Creates a new exception for those who have a dependent child over seven and resides with an individual who is in compliance with the general SNAP work requirement.
- Keeps in place the exceptions for people who are experiencing homelessness, under 24 and aged out of foster care at 18, or a veteran through October 1, 2030.

Section 10003: Able Bodied Adults Without Dependents Waivers:

- Limits ABAWD waivers to not exceed more than 12 consecutive months.
- Limits ABAWD waivers to only be permissible if the county or county-equivalent has an unemployment rate above 10% and removes the ability for waivers to be based on lack of sufficient jobs.
- Reduces discretionary exemptions from 8% to 1%.



Section 10004: Availability of Standard Utility Allowances Based on Receipt of Energy Assistance:

- Limits the SNAP and Low-Income Home Energy Assistance Program (LIHEAP) connection (known as Heat & Eat) to only apply to households with an elderly or disabled member.
- Similarly, limits the exclusion of energy assistance from countable income to households with an elderly or disabled member.

Section 10005: Restrictions on Internet Expenses:

- Prohibits service fees associated with internet connection from being included in computing the excess shelter expense deduction.

Section 10006: Matching Funds Requirement:

- Establishes that beginning October 1, 2027, state agencies will be required to pay at least 5% of SNAP benefit allotments and will be adjusted based on SNAP Quality Control Payment Error Rates (PER) data from the most recent complete fiscal year as follows:
 - For states with a PER below 6%: 5% state match
 - For states with a PER 6-7.99%: 15% state match
 - For states with a PER 8-9.99%: 20% state match
 - For states with a PER at 10% or above: 25% state match
- Of note, this language does not alter existing liability requirements for state agencies.

Section 10007: Administrative Cost Sharing:

- Reduces the federal portion of administrative costs from 50% to 25% and therefore increases the state share of administrative costs to 75%. This would be effective immediately upon passage.

Section 10008: General Work Requirement Age:

- Changes the general work requirement to apply to ages 18-64 (currently 16-59) to align with the proposed ABAWD changes.
- Changes the dependent age for exemption to be under seven (currently under six) to align with the proposed ABAWD changes.



Section 10009: National Accuracy Clearinghouse:

- Expands the National Accuracy Clearinghouse to also be used to prevent multiple issuances of other federal and state assistance programs that a state agency administers through the integrated eligibility system that includes SNAP.

Section 10010: Quality Control Zero Tolerance:

- Beginning October 1, 2025, removes any tolerance level for SNAP quality control payment errors.

Section 10011: National Education and Obesity Prevention Grant Program Repealer:

- Repeals the SNAP-Ed program in its entirety.

Section 10012: Alien SNAP Eligibility:

- Limits SNAP eligibility to those who are a citizen or lawfully admitted for permanent residence with no intention of abandoning their residence in a foreign country.
- Continues to permit some Cuban nationals, and those allowed to live and work in the US under the Compacts of Free Association (COFA).
- It also codifies the existing requirement to count non-eligible, non-citizen income in any SNAP household benefit calculation.

Medicaid

This summary covers key provisions of the Medicaid-related bill language but is not a comprehensive analysis. Additional provisions cover the allowed uses of Medicaid funding, payments to pharmacies, and more.

Sections 44101: Moratorium on Implementation of Rule Relating to Eligibility and Enrollment in Medicare Savings Programs & Section 44102: Moratorium on Implementation of Rule Relating to Eligibility and Enrollment for Medicaid, CHIP, and the Basic Health Program:

- Places a moratorium through January 1, 2035 on implementation of two final Centers for Medicare & Medicaid Services (CMS) rules related to Medicaid and Children's Health Insurance Program (CHIP) eligibility and enrollment:
- September 2023 rule entitled, "Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment" (88 Fed. Reg. 65230).



- April 2024 rule entitled “Medicaid Program; Streamlining the Medicaid, Children’s Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes” (89 Fed. Reg. 22780).

Section 44103: Ensuring Appropriate Address Verification under the Medicaid and CHIP Programs:

States must implement new systems and processes to:

- Regularly obtain and verify enrollee address information using reliable sources named in the bill (e.g., USPS forwarding addresses, the National Change of Address database).
- Submit monthly enrollee data to a new federal system monthly and at each eligibility determination or redetermination starting no later than October 1, 2029, to identify individuals enrolled in more than one state.
- Disenroll individuals confirmed to be residing in another state unless they meet a federal exception.
- Required implementation begins no later than January 1, 2027 (for address processes) and October 1, 2029 (for full cross-state system use).

Section 44104: Modifying Certain State requirements for Ensuring Deceased Individuals do not Remain Enrolled:

- Starting January 1, 2028, state Medicaid programs must check the Social Security Administration’s Death Master File on at least a quarterly basis to determine whether Medicaid enrollees are deceased and disenroll individuals who are determined to be deceased.

Section 44105: Medicaid Provider Screening Requirements & Section 44106: Additional Medicaid Provider Screening Requirements:

States must enhance provider screening protocols starting January 1, 2028, including:

- Monthly checks of whether providers have been terminated by Medicare or any other state's Medicaid or CHIP program.
- Quarterly checks to confirm that enrolled providers or suppliers are not deceased using the Social Security Administration’s Death Master File.

Section 44107: Removing Good Faith Waiver for Payment Reduction Related to Certain Erroneous Excess Payments Under Medicaid:

- Starting in Fiscal Year (FY) 2030, the Secretary of the U.S. Department of Health and Human Services may no longer fully waive state financial penalties for improper Medicaid



payments made in error if they are directly attributable to payments to ineligible individuals or for ineligible services.

- When determining overpayments, the Secretary must count all payments identified by the payment error rate measurement program (PERM), Medicaid Eligibility Quality program (MEQC), audits by the Health and Human Services (HHS) Inspector General or any other independent audit.

Section 44108: Increasing Frequency of Eligibility Redeterminations for Certain Individuals:

- States must conduct semiannual redeterminations of eligibility for adults enrolled under the Affordable Care Act (ACA) expansion group (Medicaid subsection (a)(10)(A)(i)(VIII)), and individuals covered under a waiver that offers coverage equivalent to minimum essential coverage, starting December 31, 2026.
- These redeterminations must occur twice a year to ensure continued eligibility for medical assistance.

Section 44109: Revising Home Equity Limit for Determining Eligibility for Long-Term Care Services Under the Medicaid Program:

- Effective January 1, 2028, establishes a ceiling of \$1,000,000 for permissible home equity values for individuals when determining allowable assets for Medicaid beneficiaries that are eligible for long-term care services. This section also prohibits the use of asset disregards from being applied to waive home equity limits.

Section 44110: Prohibiting Federal Financial Participation Under Medicaid and CHIP for Individuals Without Verified Citizenship, Nationality, or Satisfactory Immigration Status:

- Starting October 1, 2026, prohibits federal matching funds for Medicaid and CHIP provided to individuals during the “reasonable opportunity” period for verifying citizenship or immigration status.

Section 44111: Reducing Expansion FMAP for Certain States Providing Payments for Health Care Furnished to Certain Individuals:

- Reduces the ACA expansion Federal Medical Assistance Percentage (FMAP) from 90% to 80% beginning October 1, 2027 for any state that provides any state-funded health coverage using the Medicaid infrastructure or financial assistance for the purposes of purchasing health insurance to a non-citizen who is not a qualified alien, excluding children and pregnant woman who is lawfully residing in the United States and receiving medical assistance pursuant to section 1903(v)(4).
- Applies whether the coverage is provided directly or through premium subsidies, regardless of the funding source.



Section 44121: Moratorium on Implementation of Rule Relating to Staffing Standards for Long-Term Care Facilities Under the Medicare and Medicaid Program:

- Requires HHS to delay implementation, administration, or enforcement of the final rule titled “Medicare and Medicaid Programs: Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting” (89 Fed. Reg. 40876) until January 1, 2035.

Section 44122: Modifying Retroactive Coverage Under the Medicaid and CHIP Program:

- Limits retroactive eligibility under Medicaid and CHIP to one month prior to the application month (instead of three months), starting October 1, 2026.

Section 44131: Sunsetting Eligibility for Increased FMAP for New Expansion States:

- Sunsets the 5% FMAP increase to states that expand Medicaid from the American Rescue Plan Act.
- Applies only to states that expand Medicaid after enactment, not those states currently receiving the enhanced match.

Section 44132: Moratorium on New or Increased Provider Taxes:

- Freezes, at current rates, states’ provider taxes in effect as of the date of enactment of this legislation and prohibits states from establishing new provider taxes.

Section 44133: Revising the Payment Limit for Certain State Directed Payments:

- The Secretary of Health and Human Services must revise regulations to limit total payment rates for certain Medicaid services (starting with services provided after this law takes effect) as follows:
 - For states that provide full coverage to adults under the ACA expansion (42 U.S.C. 1396a(a)(10)(A)(i)(VIII)) equivalent to minimum essential coverage: Payments for services must not exceed 100% of the Medicare rate (or an equivalent if no Medicare rate is published).
 - For all other states: Payments must not exceed 110% of the Medicare rate (or an equivalent if no Medicare rate is published).
- If a state starts providing ACA expansion coverage (as described earlier) on or after the date this law is enacted, the payment limits outlined in subsection (a)—100% of the Medicare rate—will apply to that state for services provided on or after the date it begins offering such coverage. This applies even if the payment had prior written approval before that date.
- Defines the term "equivalent Medicare payment rate" as the payment amounts for similar services established under Medicare Part A or Part B.



Section 44134: Requirements Regarding Waiver of Uniform Tax Requirement for Medicaid Provider Tax:

- Modifies the criteria HHS must consider when determining whether certain health care-related taxes are generally redistributive. Under this section, a tax would not be considered generally redistributive if, within a permissible class, the tax rate imposed on the taxpayer or tax rate group explicitly defined by its relatively lower volume or percentage of Medicaid taxable units is lower than the tax rate imposed on any other taxpayer or tax rate group explicitly defined by its relatively higher volume or percentage of Medicaid taxable units. The tax would also not be considered generally redistributive if, within a permissible class, the tax rate imposed on any taxpayer or tax rate group based upon its Medicaid taxable units is *higher* than the tax rate imposed on any taxpayer or tax rate group based upon its non-Medicaid taxable unit. If a state has a health care-related tax waiver that meets at least one of these criteria as of the date of enactment of this legislation, the waiver must be modified to comply with these requirements. This section provides a transition period for non-compliant programs, after which a state whose health care-related taxes do not adhere to all federal requirements would be penalized by the sum of those revenues received by the state.

Section 44135: Requiring Budget Neutrality for Medicaid Demonstrations Projects Under Section 1115:

- Requires HHS to certify that federal costs do not exceed what would have been spent without the waiver.
- Applies to all demonstration projects under Section 1115 of the Social Security Act.
- Directs HHS to create methods for applying project-generated savings to allowable costs in project extensions.

Section 44141: Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals:

- Not later than December 31, 2026, states must require Medicaid participants to complete 80 hours/month of work, education, community service, or a combination, or earn an income representing at least 80 hours of minimum wage per month.
- Exceptions include:
 - Pregnant individuals or those entitled to postpartum medical assistance
 - People under 19 or over 64
 - Former foster youth under 26
 - Tribal members
 - Medically frail individuals
 - TANF/SNAP work-compliant individuals
 - Caregivers
 - Recently incarcerated individuals



- Allows short-term hardship waivers for in-person hospital services or other medical services of similar acuity including outpatient care, natural disasters, those who live in areas in which there is an unemployment rate of over 8% or 1.5 times the national rate, or other individual experiences as determined by the Secretary,
- States must verify compliance at redeterminations, or more frequently if the state chooses.
- Requires states to use ex parte verifications to streamline verification where possible.
- For those in non-compliance, the state must provide individual outreach and provide 30 days for the individual to make a satisfactory showing that the requirements are being met or not applicable. The individual can maintain coverage during these 30 days, but without response to compliance, must be removed from coverage after the 30 days.
- Requires states to provide outreach to those who will be required to demonstrate community engagement on how to comply, the consequences of noncompliance, and how to report a change in compliance. Outreach must be done by regular mail and one or more additional forms of notice.
- HHS is required to issue guidance on initial implementation by December 31, 2025.
- Appropriates \$100 million for FY26 to states for the purposes of establishing the systems necessary to carry out the provisions and the amendments of this section, and an additional \$50 million to HHS to support the implementation of this section.

Section 44142: Modifying Cost Sharing Requirements for Certain Expansion Individuals Under the Medicaid Program:

- Requires states to impose cost sharing on expansion adults with incomes over 100% the federal poverty level.
- Limits cost sharing to \$35 per service, reduced from the current \$100 maximum.
- Caps total cost sharing at 5% of an individual's income, consistent with existing Medicaid rules.
- Prohibits cost sharing for primary care, prenatal care, pediatric services, mental health care, substance use disorder services, and emergency care, except for non-emergency use of the ER.

Other Key Provisions

Section 110004: Extension of Increased Child Tax Credit (CTC) and Temporary Enhancement:

- Temporarily increases the child tax credit from \$1,000 to \$2,500 for tax years 2025 through 2028, and \$2,000 thereafter. The maximum amount of refundable credit will be indexed to inflation and rounded to the next lowest multiple of \$100.
- The maximum refundable credit shall not exceed \$1,400 per qualifying child.



- To receive the credit, a Social Security number is required for the individual, the qualifying child, and a spouse, if applicable. This permanently extends a provision from the 2017 Tax Cuts and Jobs Act that disqualifies children without a Social Security number from receiving the CTC.

Section 43201: Artificial Intelligence and Information Technology Modernization Initiative:

- Includes \$500 million to the Department of Commerce through FY35. The funding should be used for, among other things, “to support the replacement and modernization of legacy business systems with state-of-the-art commercial artificial intelligence systems and automated decision systems, the adoption of artificial intelligence models that increase operational efficiency and service delivery.”
- States that no state or political subdivision may enforce any law or regulation regulating artificial intelligence (AI) models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of the Act. However, it does not affect generally applicable laws that treat AI systems the same as other technologies.

Section 70200: Review of Agency Rulemaking:

- Appropriates \$100 million to OMB for FY25-FY28, to carry out a deregulation initiative that includes improving regulatory processes and analyzing and reviewing rules issued by the Departments of Health and Human Services, Education, Energy, Homeland Security, Justice, Consumer Financial Protection Bureau, and the Environmental Protection Agency.

