RUTGERS HEALTH
Center for State Health Policy
Institute for Health, Health Care Policy and Aging Research

Impact of Federal Budget Reconciliation Health Provisions on NJ

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Outline

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- **ACA Marketplace Provisions**
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Overview of H.R. 1

- **Medicaid Work Requirements & Eligibility**
  - Adults aged 19-64 must work or participate in community engagement activities for at least 80 hours per month to maintain coverage.
- **Reduced Medicaid Funding**
  - Restricts states from using certain provider taxes to finance programs and requires twice-yearly redeterminations for beneficiaries.
- **ACA Marketplace Changes**
  - Tightens verification for premium tax credits and removes subsidies for income-based Special Enrollment Periods.
- **Medicaid Payments & Migrant Coverage**
  - Bans Medicaid payments for most lawfully present migrants and restricts emergency health services for them in expansion states.

Source: Medicaid, CHIP, and Affordable Care Act Marketplace Cuts and Other Health Provisions in the Budget Reconciliation Law, Explained, Center for Children & Families at Georgetown University

H.R. 1 & New Jersey Medicaid

Overview of NJ FamilyCare (Medicaid)

- **Eligibility changes**
  - Mandatory work requirements
  - Increased frequency of eligibility checks
  - Changes to retroactive Medicaid/CHIP eligibility
  - Elimination of Medicaid eligibility for many documented immigrants
- **Financing changes**
  - Restrictions on provider taxes
  - Restrictions on state-directed payments
  - Reduced federal financing for emergency Medicaid
  - Mandatory federal recoupment of funding flagged by audits
  - Stricter budget neutrality requirements for 1115 demonstrations
- **Other changes**
  - Mandatory cost-sharing (co-pays) for certain members
  - Prohibits federal Medicaid funding for Planned Parenthood
- **Exempt populations**
  - Parents/guardians of children ages 13 and younger and caregivers of disabled individuals
  - Pregnant people and individuals receiving postpartum coverage
  - Medically frail individuals or those with special medical needs
  - Veterans with disabilities
  - Former foster youth

Source: H.R. 1 Resources for States, State Health and Value Strategies

Timeline

July 4, 2025

- Restrictions on Provider Taxes
- Restrictions on State Directed Payments

October 1, 2026

- Loss of Eligibility for Some Documented Immigrants
- Reduced Federal Financing for Emergency Medicaid

December 31, 2026

- Increased Frequency of Eligibility Checks (for renewals scheduled on or after December 31, 2026)

January 1, 2027

- Mandatory Work Requirements (States can delay implementation for up to 2 years, but planning must begin earlier)
- Changes to Retroactive Eligibility

December 21, 2028

- Final Start Date for Mandatory Work Requirements

Source: Implementation Dates for 2025 Budget Reconciliation Law, KFF

Mandatory Work Requirements

Enacted Bill Provisions:

- Adults **ages 19-64** must complete **80 hours** of qualifying activities for at least one month prior to application, with verification before and during enrollment
- States **can delay implementation up to 2 years** (through December 21, 2028), but planning must begin earlier
- Individuals denied Medicaid due to work requirements are not permitted to receive Marketplace tax credits

Likely NJ Impacts:

- Could result in **$2.5 billion** in **lost federal investments** in NJ's healthcare system each year
- Up to **300,000 individuals** lose (or fail to obtain) Medicaid coverage
  - Majority are likely to be ineligible based on **difficulty producing required documentation**
- Extensive administrative burden and cost

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Increased Frequency of Eligibility Checks

- Currently, NJ FamilyCare redetermines eligibility for all members **once per year**
  - Eligible individuals can lose coverage during redeterminations

Enacted Bill Provisions:

- Medicaid agencies must **redetermine eligibility** for ACA adult expansion group **once every 6 months**
- Most expansion adults will need to prove they meet work requirements at least twice per year
- This provision becomes effective for redeterminations occurring on or after December 31, 2026

Likely NJ Impacts:

- Up to **50,000 lose Medicaid coverage** due to inability to **prove eligibility** every 6 months
- Could result in **$400 million** in **lost federal investments** in NJ's healthcare system each year
- Extensive burden on impacted members, and state and county eligibility workers

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Changes to Retroactive Eligibility

- Currently, new Medicaid enrollees are eligible for **3 months of retroactive coverage**
  - Including coverage of unpaid medical bills from 3 months preceding application

Enacted Bill Provisions:

- Effective January 2027, reduces retroactive eligibility period to **1 month** for Medicaid expansion enrollees, and **2 months** for all other members

Likely NJ Impacts:

- **Increased medical debt**, with burdens on both beneficiaries and providers, including nursing facilities

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Loss of Eligibility for Some Documented Immigrants

- Currently, certain groups of non-citizen immigrants are eligible for full Medicaid benefits under federal law

Enacted Bill Provisions:

- Effective October 1, 2026, only Lawful Permanent Residents, Cuban/Haitian entrants, and Compact of Free Association migrants(from certain Pacific Island nations) will qualify for Medicaid
  - Various other immigrant groups will lose eligibility

Likely NJ Impacts:

- Approximately 15,000 to 25,000 individuals will lose Medicaid coverage

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Restrictions on Provider Taxes

- Provider Taxes are targeted taxes on health care providers and health plans
  - Revenue from these taxes are eligible for federal matching funds
  - These funds are reinvested in the healthcare system
- Current federal rules generally allow such taxes to total up to 6% of provider/health plan revenue

Enacted Bill Provisions:

- Prohibits all new provider taxes
- Gradually lowers the cap on most existing provider taxes, from 6% of plan/provider revenue in Federal Fiscal Year 2027, to 3.5% in Federal Fiscal Year 2032 and beyond

Likely NJ Impacts:

- Billions of dollars in lost federal revenues over several years

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Restrictions on State-Directed Payments

- NJ requires managed care plans to make certain add-on payments to health care providers, known as "directed payments"
- Directed payments in New Jersey incentivize high quality care, support training of new providers, or support safety net providers

Enacted Bill Provisions:

- Sets new cap on total provider reimbursement under state directed payments:
  - 100% of Medicare rates for expansion states
  - 110% of Medicare rates for non-expansion states
- New directed payments must comply with the cap immediately
- Existing directed payments must be reduced by 10% each year, starting with rating periods beginning on or after 1/1/2028, until they comply with cap

Likely NJ Impacts:

- Significant loss of funding for providers
- Largest impact on hospitals

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Reduced Federal Financing for Emergency Medicaid

- "Emergency Medicaid" offers limited coverage for individuals who lack qualifying immigration status
  - Covers emergency services delivered in an inpatient hospital setting, including labor and delivery
- Today the federal share for emergency Medicaid expenditures is equal to a comparable individual who qualifies for full Medicaid benefits

Enacted Bill Provisions:

- Starting in October 2026, reduces federal financial share for "emergency Medicaid" to state's "base rate"
  - In NJ, federal match for most emergency Medicaid adults goes from 90% to 50%

Likely NJ Impacts:

- Loss of approximately $46 million in annual federal funding, due to lower match rate

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Summary of Projected NJ Impacts

- Enrollment
  - Up to 350,000 individuals at risk of losing coverage due to work requirements and more frequent eligibility checks
  - Estimated 15,000-25,000 individuals lose coverage due to more restrictive immigration eligibility criteria
- State Financial Impacts
  - Loss of estimated $400 million generated annually by HMO assessment
  - Loss of approximately $45 million due to reduced federal support for emergency Medicaid
  - Need for large investments in new eligibility systems and resources

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

Summary of Projected NJ Impacts

- Provider Financial Impacts
  - Hospitals' loss of $2.8 billion annually due to restrictions on provider taxes and directed payments
  - Additional losses (likely billions in total) across the healthcare system, due to lower NJ FamilyCare enrollment
- Other Impacts
  - Potential reduced utilization of services due to new cost-sharing requirements
  - Potential loss of access to services provided by Planned Parenthood
  - Significantly increased member burden to prove eligibility
  - Increased eligibility workload and reduced County Option revenue for county governments

Source: H.R. 1 - Federal Reconciliation Bill: Key Medicaid Impacts , NJ Human Services

H.R. 1 & The Affordable Care Act

Overview of Get Covered NJ

- **Get Covered New Jersey is the only place where individuals can apply for financial help** to reduce the cost of health insurance plans.
- **8 in 10 people** enrolling in a health plan at Get Covered New Jersey qualify for financial help.
- As of January 31, 2026, a total of **509,192 residents** were signed up for 2026 health coverage with Get Covered New Jersey.
- **Despite tax credits going away, New Jersey continues to offer state subsidies** to qualifying residents with household incomes up to 600% of the Federal Poverty Level.

Source: 2026 Open Enrollment Update, Final Snapshot, Get Covered NJ

Timeline

January 1, 2026

- Expiration of the Enhanced Premium Tax Credits
- Recapture of All Excess Premium Tax Credits
- End of Eligibility for Low-Income Immigrants Without Medicaid Coverage
- End of Special Enrollment Periods and Tax Credit Eligibility

January 1, 2027

- End of ACA Marketplace Coverage Eligibility for Most Lawfully Present Immigrants

January 1, 2028

- New Pre-Enrollment Verification of Eligibility for Premium Tax Credit

Source: Implementation Dates for 2025 Budget Reconciliation Law, KFF

Affected Populations

- **Middle-income enrollees** (with incomes over four times the poverty level)
- Enrollees signing up for ACA Marketplace coverage during a **special enrollment period**, aside from those triggered by qualifying life events
- **Legal immigrants who are ineligible for Medicaid** due to immigration status and have income less than 100% of the FPL, aside from specific groups

Source: Implementation Dates for 2025 Budget Reconciliation Law, KFF

Impact on Get Covered NJ

- **Nearly half (224,416) of GetCoveredNJ enrollees receiving financial help in Open Enrollment 2025 paid $10 a month or less** for coverage, **which fell to 11% (49,213)** in Open Enrollment 2026.

Get Covered NJ Enrollees Receiving Financial Help

Effective Period	$1 or Less Premium	$10 or Less Premium	$50 or Less Premium	$100 or Less Premium	Over $100 Premium
Open Enrollment 2026	**(8%) 38,033**	**(11%) 49,213**	**(28%) 126,167**	**(50%) 225,123**	**(50%) 224,894**
Open Enrollment 2025	(43%) 201,289	(48%) 224,416	(60%) 282,956	(69%) 324,134	(31%) 145,408
Open Enrollment 2024	(35%) 124,901	(39%) 141,303	(53%) 188,093	(63%) 225,803	(37%) 132,436
Open Enrollment 2023	(24%) 72,878	(30%) 91,020	(47%) 142,707	(59%) 181,839	(41%) 123,850
Open Enrollment 2022	(28%) 80,347	(32%) 91,826	(43%) 123,391	(55%) 157,825	(45%) 129,130

Source: 2026 Open Enrollment Update, Final Snapshot, Get Covered NJ, Average of All Plans

Implications for IFH Research

- **Monitoring coverage and access impacts**
  - Surge in research relevance around:
    - Affordability vs. Access
    - Underinsurance (not just uninsured)
    - Cost-driven behavioral changes
- **Evaluation of administrative and fiscal effects**
  - Methodological implications:
    - More instability (intermittent coverage, coverage loss)
    - Harder-to-track at-risk populations
    - Fewer continuously insured individuals
  - Need for more sophisticated tracking of enrollment continuity, mixed-methods research (integrating policy + lived experience)

Implications for IFH Research

- **Research on equity and at-risk populations**
  - Policy changes affecting immigrants, low-income adults, and Medicaid expansion populations
  - Renewed focus on health equity, access, and system capacity
- **Increased importance of policy translation**
  - HR1 requires state-level implementation decisions
  - Evidence will be needed to:
    - Evaluate policy impacts
    - Inform mitigation strategies
- **New funding & research opportunities**
  - HR1 will generate demand for evaluation studies, implementation science, health equity research, policy analysis

Key Takeaways for IFH

H.R. 1 does not change IFH's mission, but it does:

- Intensify the problems IFH studies
- Complicate the data and populations IFH relies on
- Increase the demand for policy-relevant, real-time research

As a result, **IFH's work becomes more urgent, more complex, and more influential** in shaping how New Jersey responds to H.R. 1.

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Thank you!
Discussion is welcome.