Joint Select Committee on Health Care Oversight

November 5, 2025

Washington State Health Care Authority

Topics for discussion

- Federal Budget (H.R. 1) background
- Update on H.R. 1 implementation
- Rural health transformation

Federal Budget Background

Federal budget background

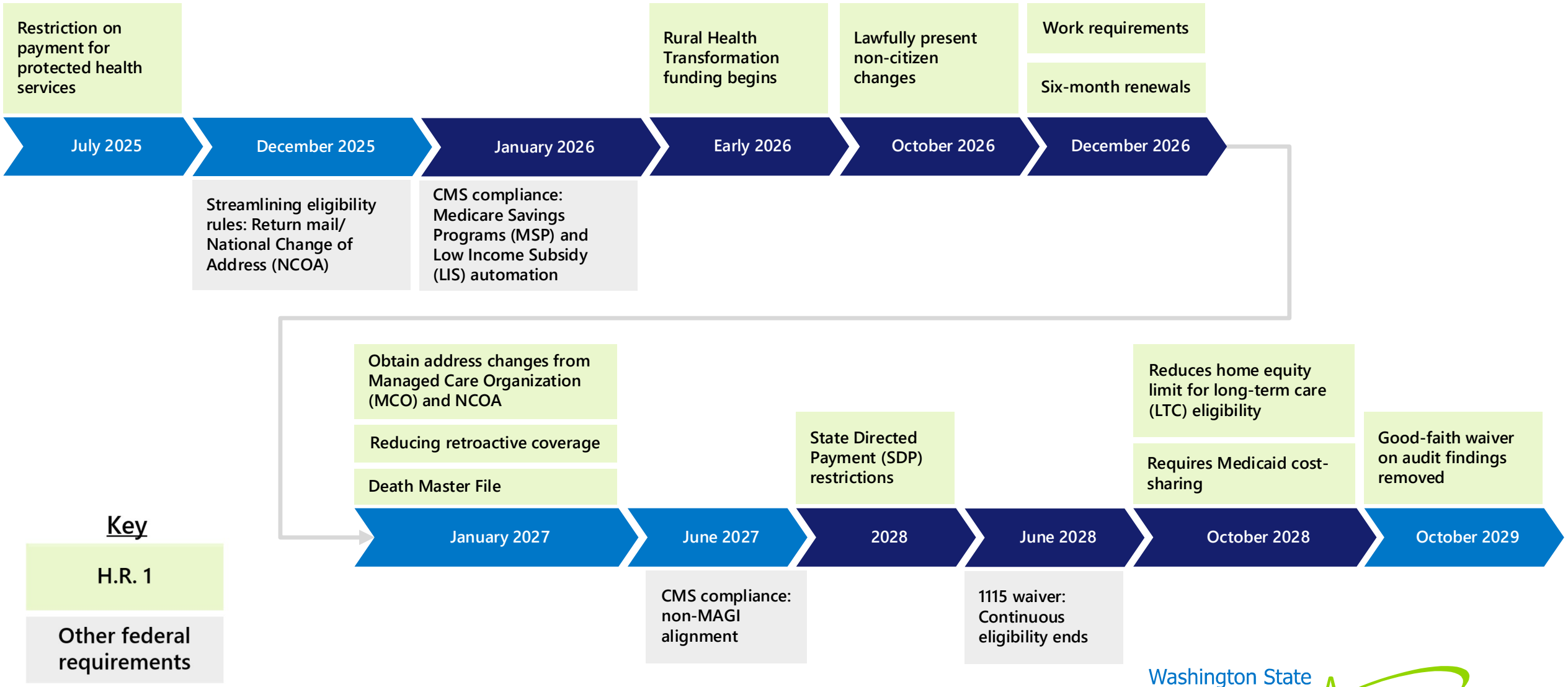
- Congress passed a continuing resolution for the federal budget on July 3, 2025 – signed into law by President Trump on July 4.
- The budget contains numerous provisions that impact Medicaid, food assistance, and the individual market.
- Hundreds of thousands of Medicaid-eligible Washington residents will be impacted.
  - **Even those who remain eligible for coverage will have to comply with increased documentation requirements, more frequent eligibility checks, and growing complexity of eligibility.**

Medicaid policies in the budget

	Policy	Effective dates
Restricts payment for protected health services	Restricts federally funded Medicaid payments for 1 year to nonprofit organizations that primarily engage in family planning services or reproductive services and provide abortion services. Likely to impact over $11 million in funding.	Effective for 1 year, from date of enactment (July 4, 2025)
Funding for non-citizens	Changes Medicaid eligibility for refugee, asylee, and other non-citizen adults.	Oct. 1, 2026
Work requirements	Establishes work requirements as a new condition of Medicaid eligibility for adults aged 19-65 who receive full coverage. This makes coverage based on working, training, or doing community engagement 80 hours per month. Includes certain categorical exemptions.	Dec. 31, 2026, with option to apply for waiver to implement Dec. 31, 2028
Rural health funding	Allocates $10 billion annually to states, which can be used to support rural health transformation projects with a focus on promoting care, supporting providers, investing in technology, and assisting rural communities.	States can apply in 2025; funding from 2026–2030
Increases the frequency of eligibility redeterminations	Requires states to redetermine eligibility for adults enrolled through Medicaid expansion every 6 months, instead of every 12 months.	Dec. 31, 2026
Retroactive coverage	Shortens period of retroactive coverage eligibility from 3 months to 1 month for adults and 2 months for other Medicaid and CHIP applicants.	Jan. 1, 2027
Restricts new state-directed payments (SDPs) from exceeding Medicare payment levels	Requires existing SDPs for hospital and nursing facility services and services provided at an academic medical center to reduce by 10% per year, beginning in 2028 until they reach Medicare levels.	10% reductions begin in 2028
Cost-sharing	Requires adults to pay cost-sharing of up to $35 for many services. Excludes primary care, behavioral health, emergency services, and services rendered in certain rural settings from the requirement.	Oct. 1, 2028
Address verification	Changes requirements for address verification.	Oct. 1, 2029
Removes good-faith waivers related to erroneous payments	Removes ability to waive federal penalties for a state's good-faith efforts to correct erroneous excess Medicaid payments under the Payment Error Rate Measurement (PERM) program and other state and federal audits.	Oct. 1, 2029

Implementation Update

Compliance timeline



Note: There are unknown future state regulatory impacts not captured on this timeline.

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Scoping – eligibility changes

- **October 2026**
  Lawfully present non-citizen changes
  - Impacts up to 30,000 Apple Health recipients
  - Individuals could qualify for other programs
  - On track to complete eligibility system changes
- **December 2026**
  Work requirements and six-month eligibility redeterminations
  - Impacts up to 620,000 Adults ages 19-65
  - Certain exemptions apply
  - Awaiting guidance from CMS, including additional information regarding a waiver to delay implementation

Work requirements

- HCA is actively collaborating with IT partners at the Department of Social and Health Services (DSHS) and the Health Benefit Exchange (HBE) to scope eligibility and enrollment system changes.
- Goals:
  - Automate verification where possible
  - Coordinate with existing and changing SNAP work requirements
  - Minimize administrative burden on customer
- Fiscal impact
  - Technology – both new technology and integration with existing eligibility and enrollment systems
  - Staffing

Next steps with implementation

- Continue to work through budget estimates for IT system changes and staffing
  - Includes cross-agency coordination with DSHS, HBE, Employment Security Department (ESD), and others.
- Monitor publication of guidance or rules from CMS
- Assess state statute – changes are likely necessary but may not need to occur during 2026 session.
  - Ambulance Quality Assurance Fee – RCW 74.70.050
  - Hospital Safety Net Assessment – RCW 74.60
- **We will continue to support legislators and legislative staff with updates throughout winter and into the 2026 session.**

Rural Health Transformation

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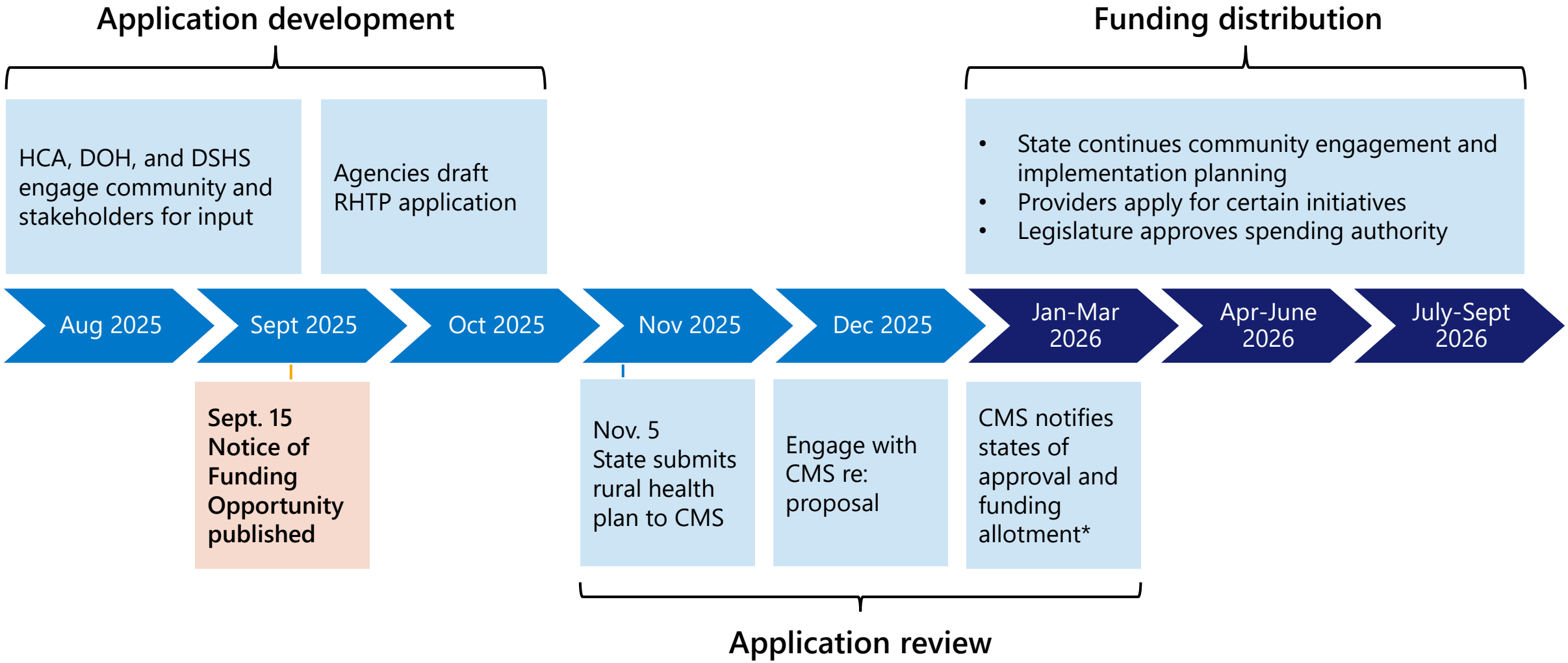
Rural Health Transformation Program

- H.R. 1 created a **$50 billion Rural Health Transformation Program** (RHTP).
- States must use funding for at least three CMS-designated categories:

Prevention and chronic disease	Provider payments*	Consumer technology solutions	Training and technical assistance
Workforce	IT advances*	Right-sizing care availability	Behavioral health
Innovative care models	Capital expenditures and infrastructure*	Community collaboration*	

RHTP timeline



*Funds distributed for FFY 2026 must be used by September 30, 2027

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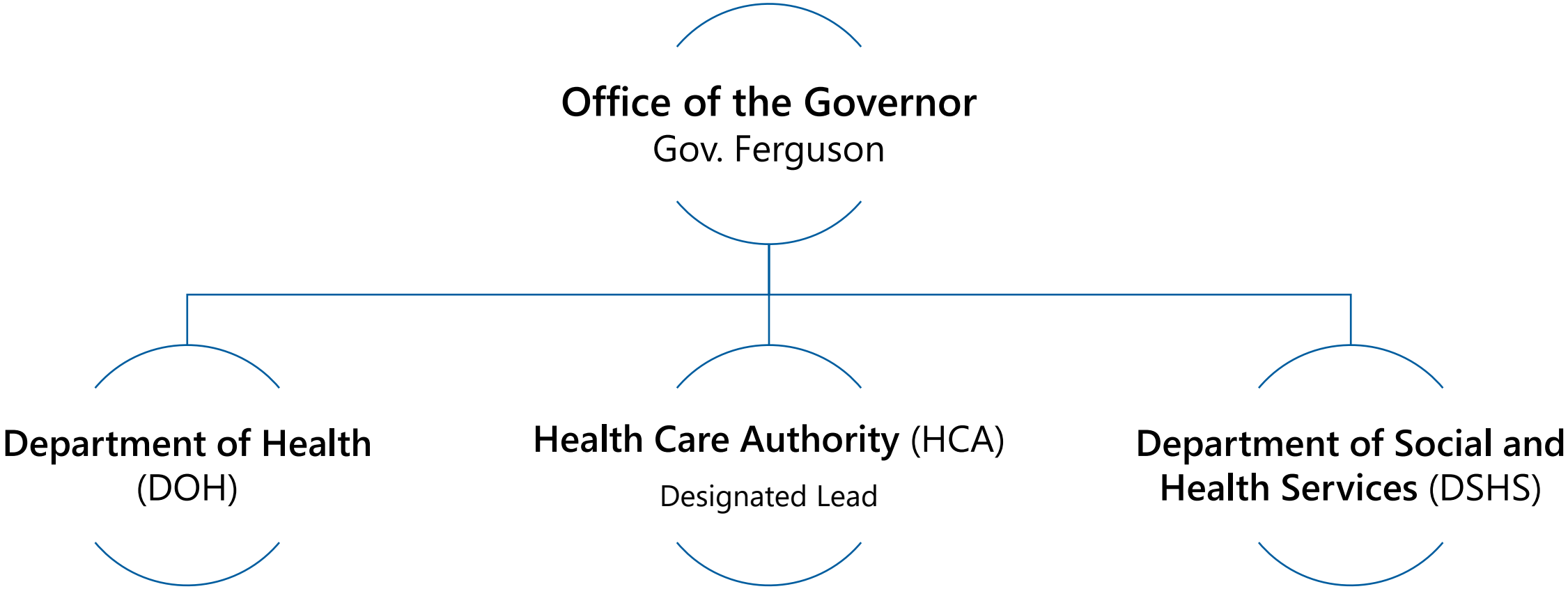
State agencies supporting RHTP application



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Fund allocation overview

- $10 billion in federal funds annually
- 50% Baseline Funding ($5 billion/year) – distributed equally among states with a complete and approved application
  - If all states are approved, WA would receive $100 million annually
- 50% Workload Funding ($5 billion/year) – distributed by CMS, with consideration of:
  - Rural facility and population score factors (50%)
  - Technical score factors (50%)

Priorities for Rural Health Transformation Plan

Supporting essential hospital services: building networks, sustainable payment models, infrastructure, and essential services

Prevention and care management: community-based workforce, dementia-capable communities, EMS inter-facility transport, mobile services, community spaces for care coordination

Tribal health: community workforce, care coordination and care management, data and technology investments

Technology: Project ECHO, provider technology fund

Workforce investments: rural residencies, training, undergraduate and graduate medical education, nursing education, recruitment and retention incentives

Behavioral health care: mobile crisis supports, Certified Community Behavioral Health Centers, supporting youth, opioid treatment providers

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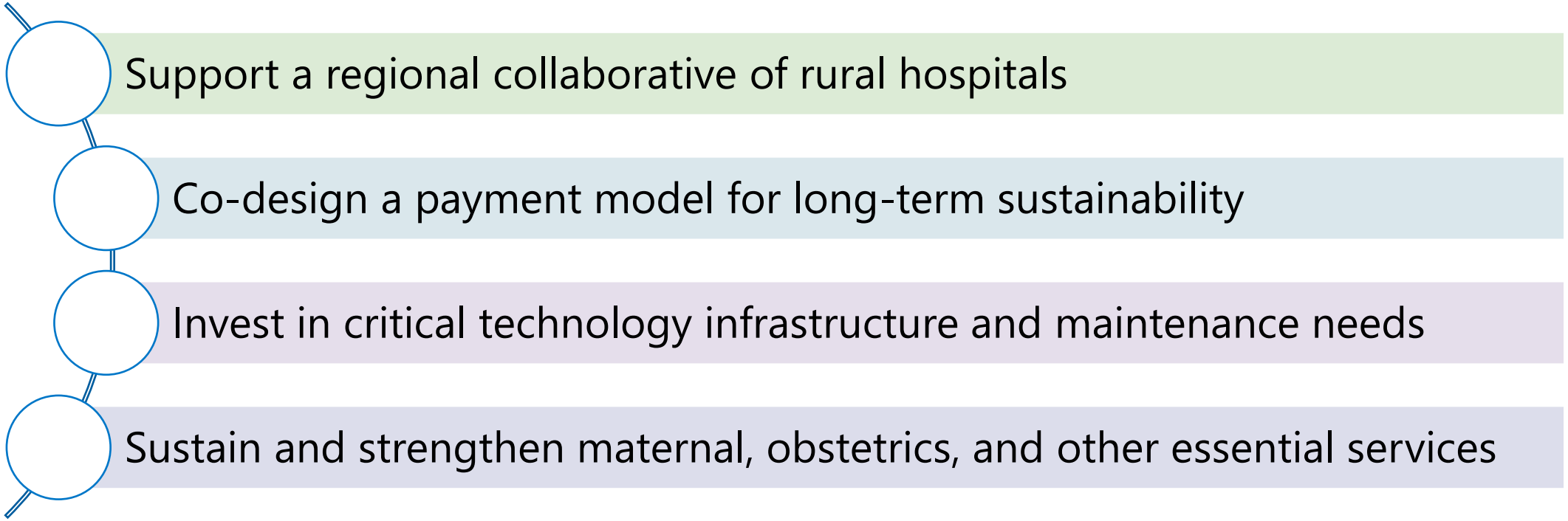
Initiative 1: Ignite innovation in WA's rural hospitals

Enable rural hospitals to invest in new technology, coordinate across facilities, and implement sustainable payment models



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Initiative 2: Prevent disease and manage care in community settings

Build and strengthen programs and workforce in settings outside of clinical systems

- Recruit and train community-based workforce
- Embed Long Term Care Worker testing at training sites
- Expand dementia resources and build dementia-capable communities
- Expand Emergency Medical Services (EMS) inter-facility transport and support
- Triage residents to appropriate levels of care in their neighborhoods

Initiative 3: Invest in the health of Tribal families

Invest in the health and wellbeing of members of sovereign Tribes in Washington

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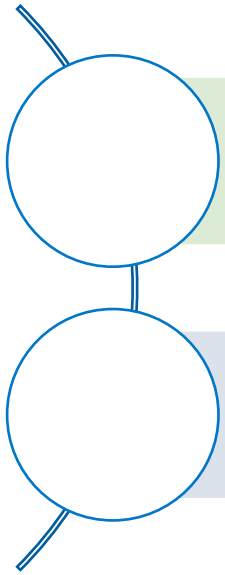
Initiative 4: Adopt technology and data solutions to enable health improvements

Provide start-up funding and technical assistance for new, emerging, and proven technologies to increase efficiency, access, and quality in Washington's rural health care system



Project ECHO — new clinical specialties, expansion into new rural sites

Provider technology fund to drive operational improvements (enabling remote services, AI tools, population health infrastructure and analytics)

Initiative 5: Develop Washington's rural workforce to support rural communities

Strengthen rural health workforce, focusing on key health roles such as nurses, primary care physicians (PCPs), maternity care providers, dental hygienists, long-term care workers, and community-based care professionals

- WWAMI Family Medicine Residency Network (WA, WY, AK, MT, ID)
- Washington State University (WSU) rural practitioner training programs
- Rural Nursing Education Program
- Grow-your-own training programs
- Rural workforce incentive programs

Initiative 6: Expand and sustain the rural behavioral health system

Invest in behavioral health workforce development, payment reform, expansion of mobile crisis services and transportation, and telehealth

- Expand mobile crisis supports and multi-disciplinary teams
- Planning to transition facilities to Certified Community Behavioral Health (CCBHC) model
- Supporting youth in rural communities through school-based services
- Rural Opioid Treatment Provider recruitment and retention

Washington RHTP Advisory Committee

- Support recommendations on priorities for funding within major initiatives.
- Review reporting from grant awardees and suggest changes in prioritization of funding to Project Team throughout five-year duration of RHTP
- Make recommendations to the Legislature on statutory changes or state investments that could align state investments and policies with the Rural Transformation Plan.
- Staffed by Department of Health

Questions?

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Appendix

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Workload funding score factors

50% of score

Rural Facility and Population Score Factors

- Absolute size of rural population
- Proportion of rural health facilities in state
- Uncompensated care in state
- Percentage of state population located in rural areas
- Metrics that define a state as being frontier
- Area of state in total square miles
- Percentage of hospitals in state that receive Medicaid Disproportionate Share Hospital (DSH) payments

50% of score

Technical Score Factors (Initiative-based)

- Population health clinical infrastructure
- Health and lifestyle
- Rural provider strategic partnerships
- Emergency Medical Services
- Talent recruitment
- Medicaid provider payment incentives
- Individuals dually eligible for Medicare and Medicaid
- Remote care services
- Data infrastructure
- Consumer-facing technology

Technical Score Factors (Policy-based)

- Health and lifestyle
- SNAP waivers
- Nutrition Continuing Medical Education
- Certificate of Need
- Licensure compacts
- Scope of practice
- Short-term, limited duration insurance
- Remote care services

Washington's request for feedback

- Agencies put out a call for public input on use of RHTP funds.
- On August 8, a request for information was posted on HCA's website.
- Written submissions were due by September 26.
- HCA, DOH, and DSHS also engaged in conversations with state associations, community collaboratives, and other stakeholders.

Washington stakeholder feedback

- Public webinar on September 25 to discuss progress on the RHTP application
- **Agencies received 310 written submissions**.
- Feedback is being used to shape WA's application – framing rural needs and supporting initiative funding proposals.

Input submitter types

- Rural hospitals and districts
- Nonprofit organizations
- Non-hospital provider groups
- Health care education programs
- State and national associations
- State agencies
- Interested individuals
- Colleges and universities
- School districts
- Tribes
- EMS and firefighters
- Public health departments

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Stakeholder feedback themes

- Technology
- Hospital operations and buildings
- Workforce
- Service expansion and retention
- Data and EHR infrastructure
- Behavioral health
- Payment reform
- Education
- Opioid use disorder treatment
- Telehealth
- School-based care
- Special health care needs
- Wellness
- Youth -focused services
- Special health care needs
- Dental
- Maternity and perinatal care

WA RHTP Advisory Committee structure

Government

One representative each:

- Governor's Office
- HCA
- DOH
- DSHS
- OFM
- Tribes

Health Professionals

One representative each:

- Rural hospitals
- Local public health
- Federally Qualified Health Centers
- Behavioral Health providers
- WSMA
- State Council on Aging or Area Agency on Aging

Community representatives

Three representatives:

- Two from eastern Washington
- One from western Washington
- **Seeking experience in health care**