Senate Health and Long-Term Care Committee

Ryan Moran, Director
Trinity Wilson, Medicaid Director
Mich'l Needham, Chief Policy Officer

July 30, 2026

Washington State Health Care Authority

Agenda

- Overview of H.R. 1
- Noncitizen eligibility changes
- Community engagement rules
- Outreach and communications
- Redeterminations and state directed payments (SDPs)
- Rural Health Transformation update
- Next steps and resources

Overview of H.R.1

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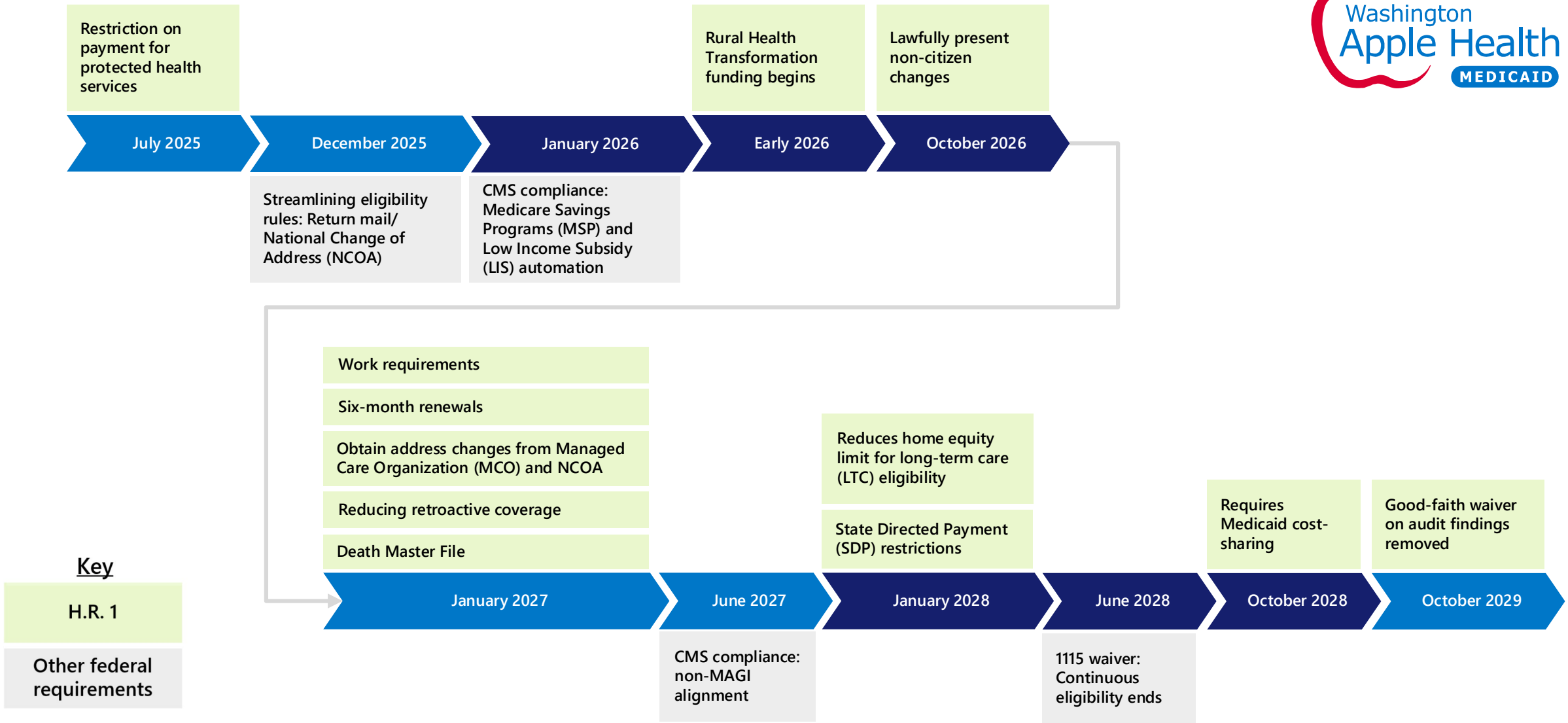
Compliance timeline



Note: There are unknown future state regulatory impacts not captured on this timeline. Last updated in January 2026.

CMS engagement

- **Guidance to implement limits on federal financial participation for CHIP and Medicaid noncitizens**
  - April 8 – CMS Issues Guidance to Implement New Limits on Federal Medicaid and CHIP Funding for Certain Noncitizens
- **Medicaid managed care SDPs proposed rule**
  - May 20 – Federal Register: Medicaid Program; Medicaid Managed Care State Directed Payments and Medicaid Fee-for-Service Targeted Medicaid Practitioner Payments
- **Interim Final Rule related to Medicaid work requirements**
  - June 1 – Federal Register: Federal Register Documents Currently on Public Inspection
  - July 31 – comment period closes
- **Guidance on budget neutrality for Section 1115 Medicaid Demonstration Projects**
  - June 11 – Budget Neutrality and Certification by the Chief Actuary of CMS for Section 1115 Medicaid Demonstration Projects

Noncitizen eligibility

Non-U.S. citizen definition change

- Effective October 1, 2026, eligibility for lawfully-present non-U.S. citizens changes
  - Limited to lawful permanent residents, certain Cuban/Haitians, and Compact of Free Association (COFA) islanders
- Expect nearly 14,000 individuals to lose Medicaid
  - Includes ~1,700 individuals receiving long-term care or developmental disability services
- Received CMS guidance in April
  - Prohibits Federal Financial Participation (FFP) for all impacted classes of noncitizens starting October 1
  - Requires states to redetermine eligibility for *all* impacted lawfully present noncitizens by October
  - Initial letters sent to impacted clients July

Eligibility impacts

- Newly identified impacted populations include:
  - Supplemental Security Income (SSI) Medicaid recipients
  - American Indian, Alaska Native (AI/AN) born abroad
- Clients may be able to access other health care coverage after October 1.
- Children and pregnant individuals continue to be eligible for Apple Health, regardless of immigration status, if they meet all other requirements.

H.R. 1 noncitizen change timeline

July 2026

Letters go to out to affected MAGI and Classic clients

Community outreach continues

Aug.–Sept. 2026

Clients update their information for potential coverage options

Termination notices sent in late August for coverage ending September 30, 2026

October 2026

Noncitizens lose coverage on October 1, 2026, unless transitioned to other coverage

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Community engagement rules

Work requirements

- Effective January 1, 2027, a new eligibility criteria for all individuals applying for or renewing Apple Health for Adults
  - Individuals will need to either meet work requirements or qualify for an exemption
- Work requirements do not apply to any other Apple Health programs
- CMS published rules on June 1, 2026

Work requirements criteria

- Work requirements are met when an individual meets **one** of the following:
  - Has an average monthly family income of at least $580
  - Enrolls in an educational program at least half-time
  - Participates in a work program at least 80 hours per month
  - Completes at least 80 hours of community service
  - Has a combination of hours of work, community service, work program, or educational program totaling at least 80 hours per month

Work requirement exemptions

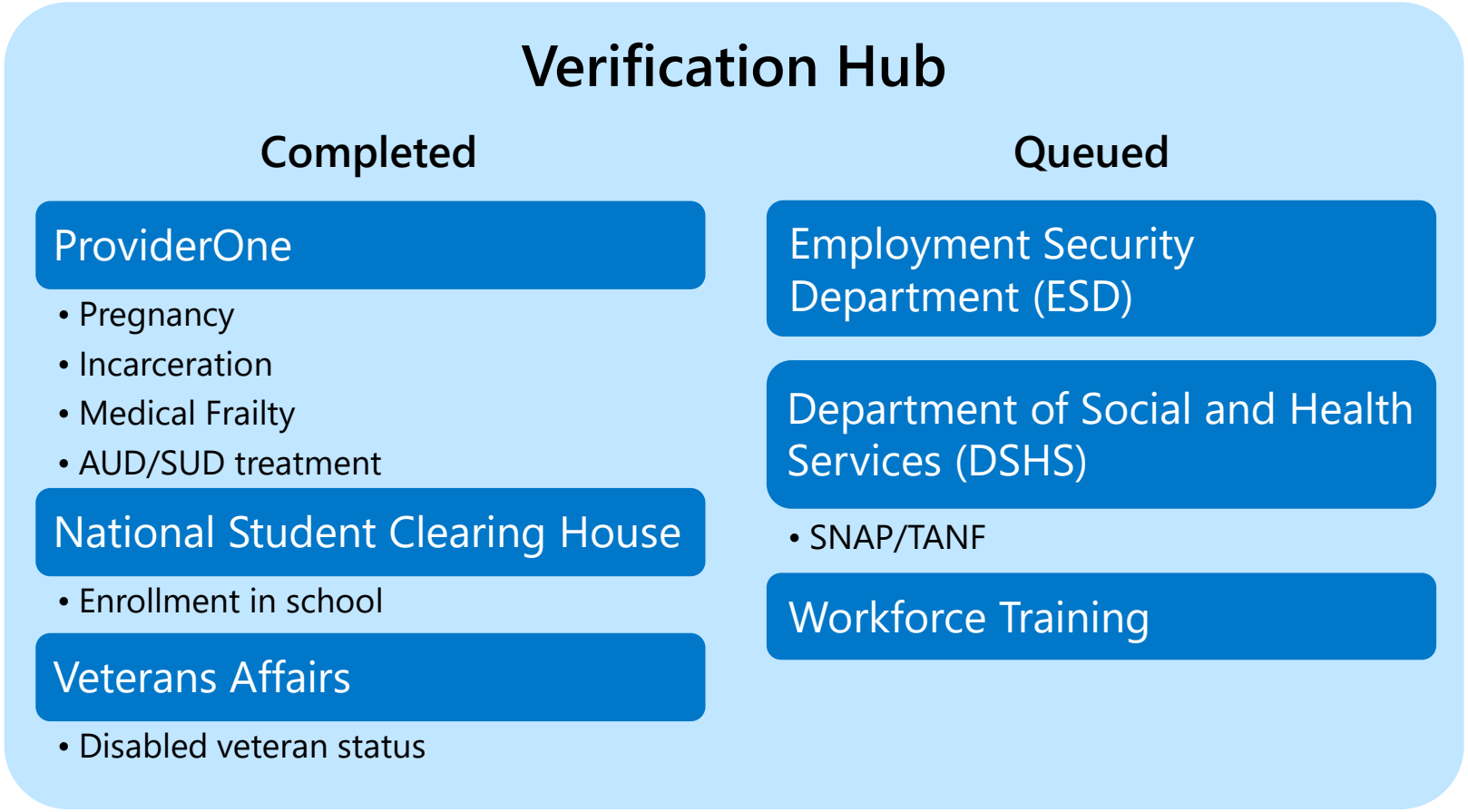
- Individuals who do not meet work requirements may be eligible for Apple Health for Adults when they meet an exemption.
- Exemptions include:
  - Under age 19
  - Foster youth or former foster youth under age 26
  - Pregnant or in postpartum period
  - Parent/caretakers of children under 14
  - Parent/caretaker of individual with disability
  - Tribal members
  - Incarcerated or within 90 days post-release period
  - Household member on SNAP (food assistance) or TANF (cash assistance)
  - Entitled to Medicare Part A or B
  - Disabled veteran with 100% total disability
  - Medically frail
  - Alcohol or Substance Use Disorder treatment (AUD/SUD)
  - Short-term hardship

Verification

- CMS expects states to first check available data sources to verify compliance
  - Through December 2027: self-attestation accepted
  - Beginning January 2028: additional verification requirements

Verification Hub

- Behind-the-scenes automation.
- Pulls in data sources to automatically verify community engagement for clients.



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Medical frailty exemption

- Available to individuals with:
  - Serious or complex conditions
  - Substance use or mental disorders
  - Disabilities that significantly impair the ability to perform daily living activities
- CMS rule limited exemption to individuals whose disability or condition significantly impairs their ability to comply with the work and community engagement requirement.
  - **This will increase burden on customers and providers as medical claims and encounter data do not include information about functional work capacity.**
- CMS requires states to develop a list of diseases, diagnoses, disorders, and other health factors to identify individuals who will qualify for this exemption.

Medical frailty exemption, cont.

- HCA collected public comment on a medically frail code list through June 19.
  - See our notice Provide your feedback on the H.R.1 work requirement exemption.
  - Download the medically frail code list (Excel sheet).
- Next steps:
  - Additional guidance from CMS needed
  - Support for Western State Coalition code set
  - Finalize recommendation of code set in addition to other factors that will be used to support medical frailty exemption

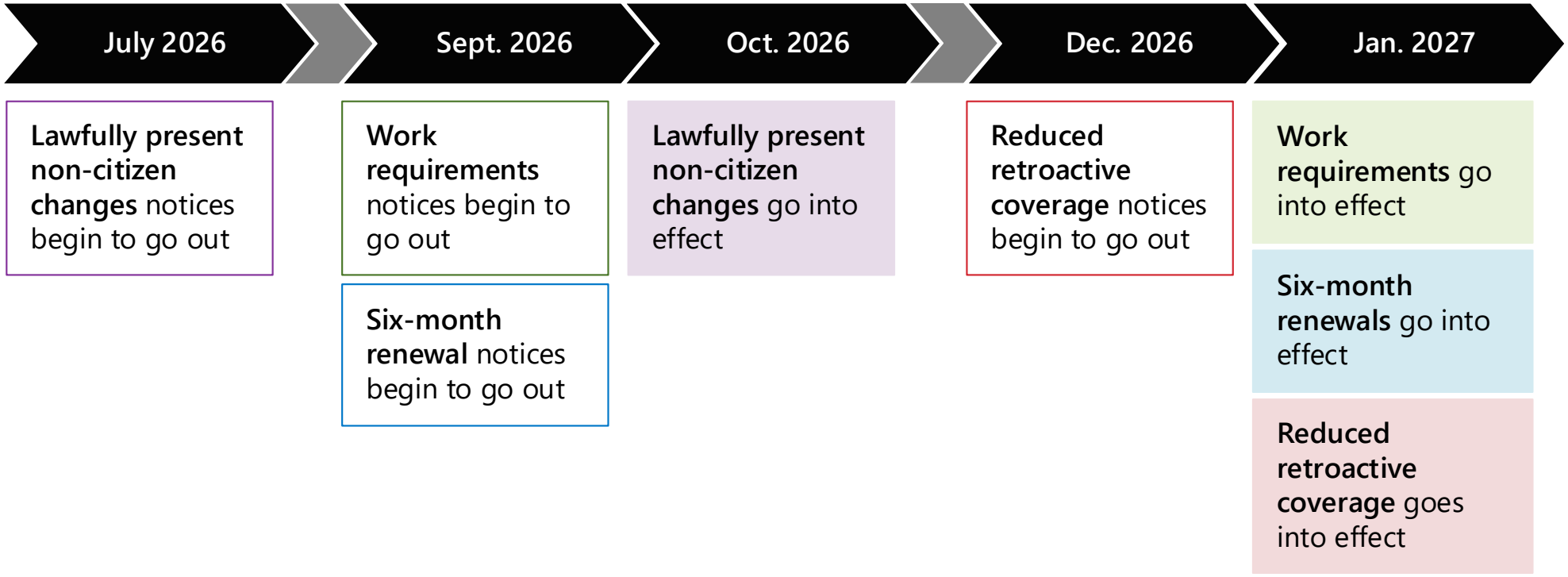
Medical frailty exemption verification

- Beginning January 2028, an individual may use self-attestation to establish medical frailty **once** during a period of enrollment.
- State verification:
  - States may reverify medical frailty every 6 or 12 months, at the option of the state; however, states can only rely upon data or documentation (not self-attestation) for a 12-month period.
  - Permanently disabling conditions require annual verification.

Outreach and notices

- Enrollees must receive two notices of upcoming implementation
  - Four months prior to go-live
  - At time of renewal
- CMS provided explicit guidance on how notices to enrollees should be provided

Customer outreach timeline



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Other H.R. 1 provisions

Six-month redeterminations

- Effective January 2027, Apple Health for Adults certification period is reduced from 12 months to six months
- Additional burden for individuals who must manually renew their coverage
  - Today, approximately 20% must manually renew
  - Expecting this percentage could grow with work requirement rules
- Expecting a significant increase in call volumes and community-based organization (CBO) engagement

Note: Caseload data from November 2025

State directed payments (SDPs)

- Expect **~$1.5 billion** impact on hospital reimbursement in Washington with new H.R. 1 limitations:
  - Prohibits new SDPs from exceeding Medicare payment levels.
  - Requires existing SDPs to reduce by 10% per year beginning in 2028 until they reach Medicare levels.
- In addition, the CMS SDP proposed Final Rule:
  - Extended caps to Medicaid fee-for-service (FFS) payments
  - Restricts permitted use of value-based purchasing (VBP) models in managed care
  - Prevents capitation rates from assuming provider payments above Medicare limits

Community connection and client outreach

Stakeholder engagement

- HCA established Community Connector forums to engage broad external stakeholders. Includes distribution of materials and webinars for:
  - Formally trained Navigators and Assisters
  - Providers, CBOs, Tribes, and other external partners
- Communications Toolkit
- Social Media Toolkit
- Desk guide for legislative offices: Helping constituents with H.R. 1 changes

WASHINGTON
RURAL HEALTH TRANSFORMATION

Rural Health Transformation Program Overview

Disclaimer: The RHT Program is supported by CMS/HHS as a financial assistance award totaling $181,257,515.06 with 100 percent funded by CMS/HHS. The contents are those of the author and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

RHT Program Overview

Five-year Cooperative Agreement with CMS, created in H.R. 1
Led by HCA with DOH and DSHS, guided by an Advisory Committee of Tribes, hospitals, and providers.

$181.26 million – year one
Total federal award for budget period 1 - CMS/HHS 5-year cooperative agreement

1.1 Million
Rural Washingtonians served across 30 counties

29
Federally recognized Tribal Nations partnered as sovereign governments

Investments will reach all 30 rural counties:

- 36 rural hospitals
- 30 Rural Collaborative network hospitals
- 29 Tribal Nations
- 70 rural FQHCs and 110 rural clinics
- 13 community mental health centers
- 5 opioid treatment providers
- 12 CCBHCs
- 62 school districts
- 10 Area Agencies on Aging
- Rural EMS agencies
- Other providers

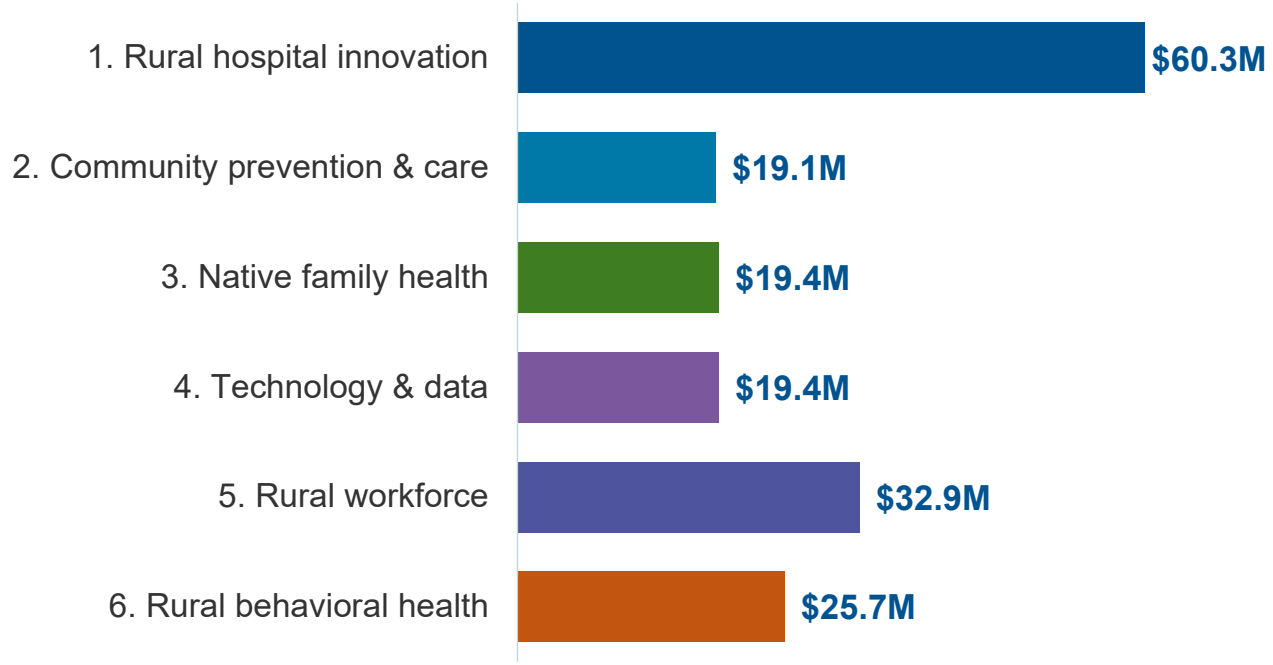
1	**Ignite innovation in rural hospitals**	$60M
2	**Prevent disease & manage care in community settings**	$18M
3	**Invest in the health of Native families**	$19M
4	**Adopt technology and data solutions**	$19M
5	**Develop Washington's rural workforce**	$32M
6	**Expand and sustain rural behavioral health**	$25M

WASHINGTON RURAL HEALTH TRANSFORMATION

Where the Money Goes: By Purpose

$181.26M total 5-year federal award = $176.67M direct program funds + ~$4.59M state administration

Budget Period 1 funding by initiative ($M)



What each initiative buys

1. **Ignite Innovation in Rural Hospitals**
   Stabilize and grow service lines at critical access and rural hospitals
2. **Prevent Disease &Manage Care**
   Move chronic disease prevention and management upstream, closer to home
3. **Invest in Native Family Health**
   Fund Tribal-led care delivery, with Nations as sovereign partners
4. **Adopt Technology &Data Solutions**
   Deploy telehealth, remote monitoring and shared data infrastructure
5. **Develop WA's Rural Workforce**
   Recruit, train and retain the clinical workforce rural areas need
6. **Expand Rural Behavioral Health**
   Extend crisis response, CCBHC and opioid treatment capacity

WASHINGTON RURAL HEALTH TRANSFORMATION

How the Money Flows

HCA $130.00M
Health Care Authority - primary recipient

SUB-RECIPIENT	**$47.42M**
1.3 WSHA - tech & cyber	**$41.99M**
1.1 TRC - 30 member hospitals	**$5.43M**
SOLE SOURCE	**$21.55M**
3.1 Sovereign Tribal Nations (29)	**$19.41M**
1.2 Rural Health Redesign Center	**$2.14M**
INTERAGENCY AGREEMENT	**$17.46M**
5.1 UW - WWAMI residency	**$5.46M**
6.3 OSPI - youth in rural areas	**$5.14M**
4.1 UW - Project ECHO	**$4.28M**
5.2 WSU - rural training	**$2.57M**
COMPETITIVE BID	**$43.56M**
4.2 Provider tech & cyber, non-hospital	**$15.07M**
1.4 Hospital specialty growth	**$10.71M**
6.12 Mobile crisis MDT	**$7.93M**
6.4 OTP recruitment	**$6.64M**
6.2 CCBHC transition	**$3.21M**

DOH $31.72M
Department of Health

INTERAGENCY AGREEMENT	**$31.72M**
5.41 Grow-your-own training	**$9.91M**
5.5 Rural workforce incentives	**$9.71M**
5.3 Rural Nursing Education	**$3.50M**
2.3 EMS interfacility transport	**$3.00M**
6.11 Mobile crisis MDT	**$2.78M**
2.11 Community-based workforce	**$2.20M**
2.44 Community center refit	**$0.54M**
2.41 Care-A-Van triage	**$0.08M**

DSHS $14.96M
Department of Social & Health Services

INTERAGENCY AGREEMENT	**$14.96M**
2.12 Long-term care workers (SEIU)	**$4.28M**
2.43 AAA mobile assistance vans	**$3.51M**
2.2 Dementia-capable communities	**$3.43M**
5.42 Grow-your-own LTCW (WSU)	**$1.70M**
2.42 WA 211 resource specialists	**$1.50M**
2.44 Community center refit	**$0.54M**

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Competitive Applications

ACTIVITY	AWARDEE / WHO APPLIES	STATUS	AMOUNT
4.2 Provider Technology and cyber security fund, non-hospital	Non-hospital providers	RFA posted	$11.05M
1.4 Rural Health Transformation Program - Rural Hospitals (Maternal, Emergency and Specialty Services)	36 rural hospitals statewide	RFA posted	$10.71M
6.1 Multidisciplinary teams, mobile crisis support	Mobile crisis MDT providers	In procurement	$7.93M
6.4 Opioid treatment provider recruitment and retention	Opioid treatment providers (OTP)	RFA posted	$6.64M
6.2 CCBHC model transition	Certified Community Behavioral Health Clinics	In procurement	$3.21M
			$39.97M

Sub-awardees are selected through competitive review against published criteria: financial and community need, readiness and capacity, sustainability plans, alignment with value-based care, community partnerships, and innovation. All awards follow federal and state procurement and reporting requirements.

Updates and information

hca.wa.gov/about-hca/programs-and-initiatives/rural-health-transformation-program

WASHINGTON RURAL HEALTH TRANSFORMATION

RHTP Community Advisory Committee

- Provides community-informed guidance to help ensure Washington's RHT Program priorities, investments and implementation reflect the needs of rural communities.
- Elevate community and provider voices to inform statewide rural health priorities and investments.
- Translate lessons learned into recommendations for sustainable policy and systems change.

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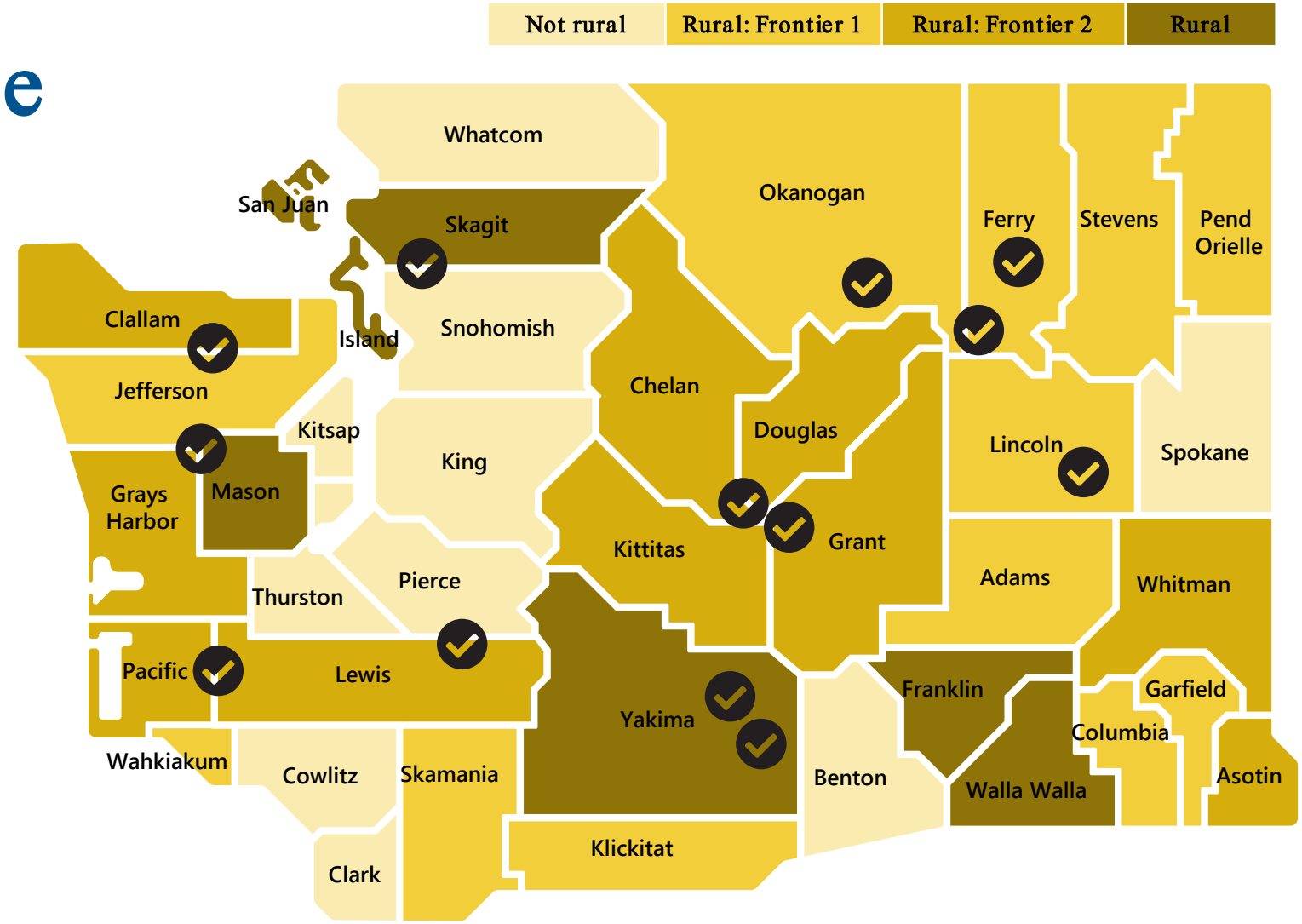
RHTP Community Advisory Committee membership

- Tribes
  - 2 positions
- Rural hospitals
- Local health jurisdictions (LHJs)
- Federally Qualified Health Centers (FQHCs)
- Behavioral health providers
- Medical providers
- Allied health providers
- Labor organizations
- State Council on Aging or Area Agencies on Aging
- Rural communities
  - 2 positions from eastern Washington
  - 1 position from western Washington
- State agencies: HCA, DOH, DSHS, OFM
- Governor's Office



32 2025 rural county designations as defined by Engrossed Substitute House Bill 1835, effective June 6, 2024.

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Questions?

- Contact:
  - **Evan Klein**, Special Assistant for Legislative and Policy Affairs
    Evan.Klein@hca.wa.gov

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Resources

H.R. 1 resources

- Changes coming to Apple Health (for clients)
- H.R.1 impacts (for stakeholders)
- hca.wa.gov/support-client-changes (for community)
- Stay connected with us:
  - Sign up for Apple Health GovDelivery
    - Select Apple Health programs and eligibility “general information and updates”

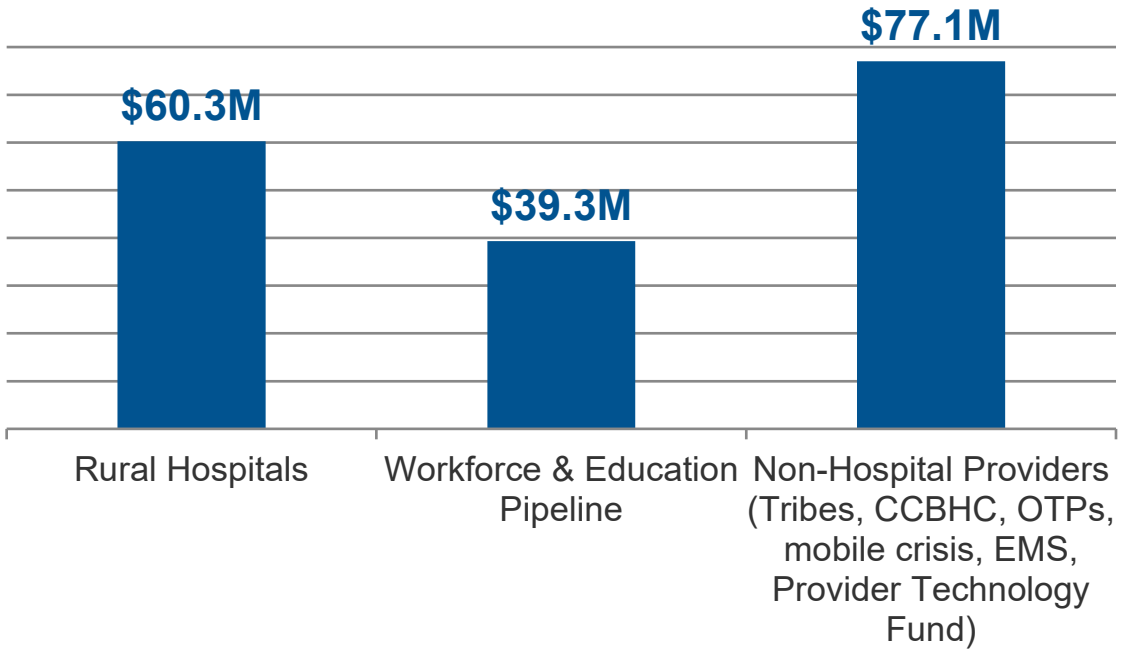
Washington State Health Care Authority

H.R. 1 stakeholder webinars

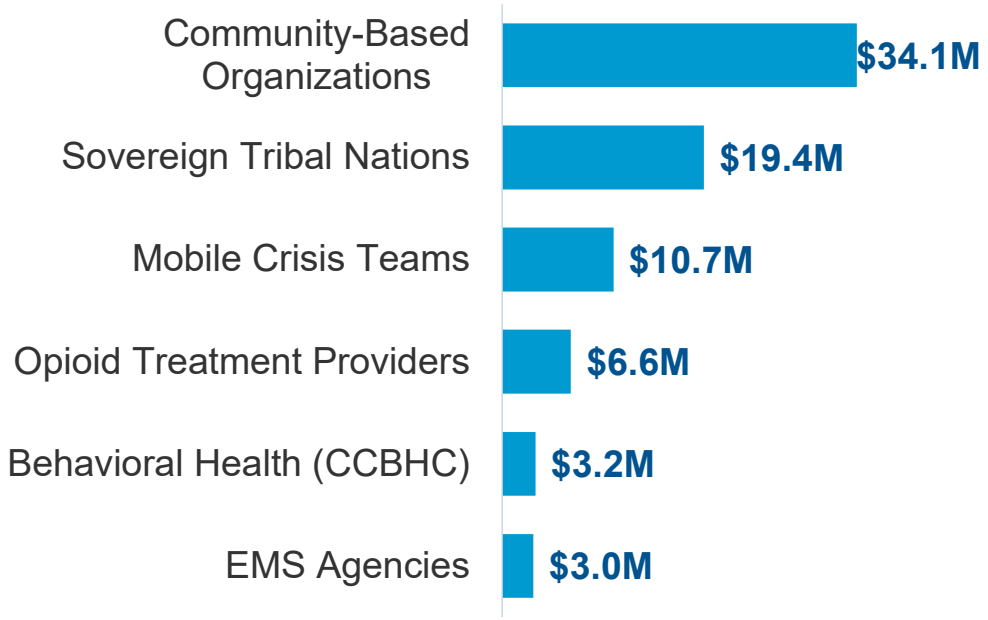
- HCA holds quarterly stakeholder webinars providing H.R.1 updates.
- 2026 H.R.1 webinar dates
  - Session 1: View the webinar | Presentation slides | Session 1 webinar FAQ
  - Session 2: View the webinar | Presentation slides
  - Session 3: September 3 at 10 a.m.
  - Session 4: December 3 at 10 a.m.
- Sign up for GovDelivery to register for future H.R. 1 webinars
  - public.govdelivery.com/accounts/WAHCA/subscriber/new

Where the Money Goes: By Recipient

$176,77M By recipient type



$77.05M Non-hospital providers, by type



Rural Hospitals includes Activity 1.4 (service-line growth incentives). Community-Based Organizations includes Project ECHO and the Provider Technology Fund (Activities 4.1, 4.2), AAA/dementia/211/community-hub programs, and youth services (Activity 6.3). Mobile Crisis combines Activities 6.11 and 6.12.

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RHTP Community Advisory Committee

Tribal delegates (2 positions)

- Councilwoman Seymour — Tribal Elected Official, Confederated Tribes of the Colville Reservation (Okanogan)
- Sarah Sullivan — Health Policy & Self Gov Dir, Swinomish Indian Tribal Community (Skagit)

Rural hospitals

- Tyson Lacy — CEO, Lincoln Hospital District No. 3 (Lincoln)

Local Health Jurisdictions (LHJs)

- James Wallace — Health Officer, Okanogan County Public Health District & Chelan Douglas Health District (Okanogan)

Federally Qualified Health Centers (FQHCs)

- Carl Olden — Physician and Residency Training Program, Community Health of Central Washington (Yakima & Yakama Reservation)

Behavioral Health Provider

- Julia Mackaronis — Lead Mental Health Clinician, Roger Saux Health Center, Quinault Indian Nation (Grays Harbor)

Allied Health Professional

- Devon Woodley — Family Nurse Practitioner, Ferry County Public Hospital District (Ferry)

Medical Professional

- Bindu Nayak — Endocrinologist and VP of WSMA (Douglas)

Labor Organization

- Cenetra Pickens — Dir of Nursing and Allied Health Strategy, SEIU 1199NW Healthcare Multi-Employer Training Fund (Pierce)

State Council on Aging / Area Agencies on Aging

- Laura Cepoi — ED, Olympic Area Agency on Aging (Jefferson)

Community – East (2 positions)

- Deb Miller — ED, Community Choice dba Action Health Partners (Douglas)
- Jessica Whitehawk — Founding ED, Ttáwaxt Birth Justice Center (Yakima)

Community – West (1 position)

- Adria Williams — Ambulance/EMS Supervisor, Forks Community Hospital (Clallam)