

Early Considerations for County Implementation of H.R. 1 Changes to Medicaid and SNAP

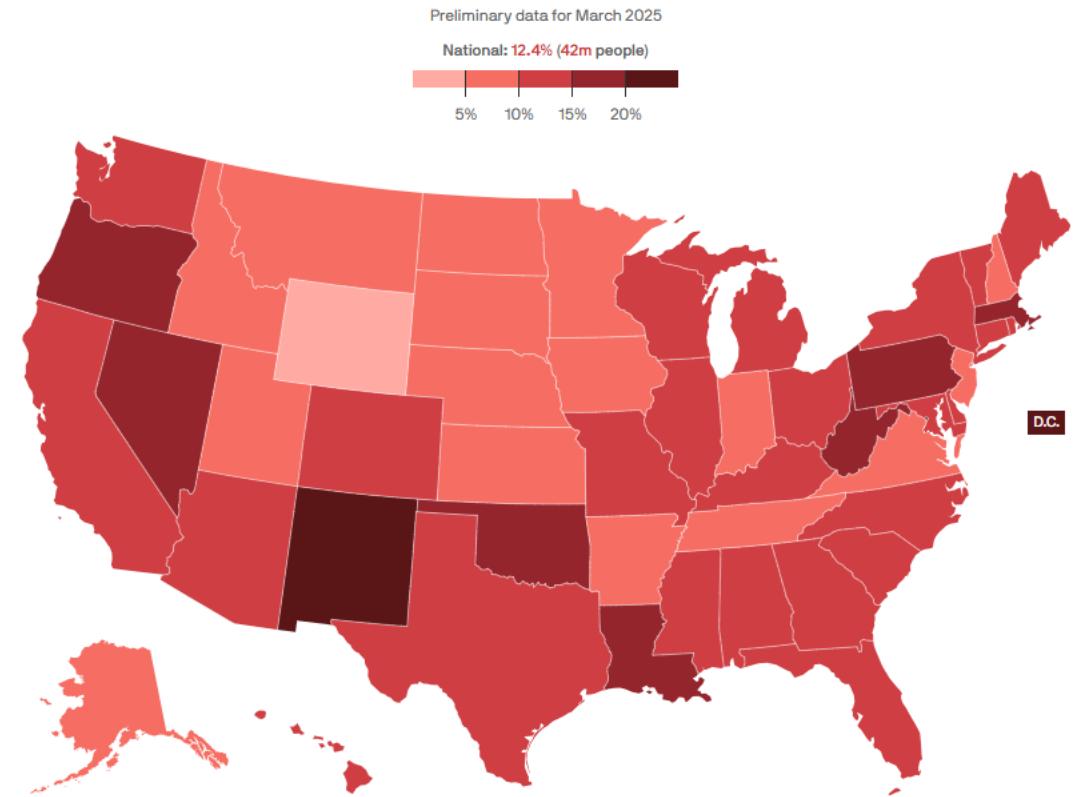
Thursday, December 11, 2025

SNAP

SNAP is the largest federal nutrition program, providing approximately 42 million low-income individuals with monthly grocery benefits as well as employment and training opportunities.

Counties are responsible for administering the program in ten states: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin.

Estimated share of population who participates in SNAP



Data: [USDA, U.S. Census Bureau](#); Note: Share calculated using July 2024 population estimates; Map: Kavya Beheraj / Axios

BENEFIT COST SHIFT AND PAYMENT ERRORS

- States with payment error rates **above 6 percent** will pay a cost share that covers 5 to 15 percent of benefits. States with a payment error rate under 6 percent **will not** be responsible for benefits.
- For example, say a state's payment error rate **8.5%**, **and the state distributes \$2 billion in SNAP benefits each year. The state's new benefit cost share would be \$200 million.**

State	5% Cost-Shift in FY2028 6% to 7.99% error rate	10% Cost-Shift in FY2028 8% to 9.99% error rate	15% Cost-Shift in FY2028 10% or higher error rate
Example	\$100 million	\$200 million	\$300 million

BENEFIT COST SHIFT AND PAYMENT ERRORS



Payment Error Rate

- States may use either their **FY 2025 or FY 2026 payment error rate** to determine their required match for **FY 2028**.
- For FY 2029 and beyond, the cost share is based on the payment error rate from three fiscal years prior.

Delayed Implementation for States with High Payment Error Rates

- Generally, implementation will begin in FY 2028.
- However, if the payment error rate of a **state is above 13.3%**, implementation will begin in **FY 2029**. If a state meets this criteria in FY 2026, implementation is pushed to FY 2030.

ADMINISTRATIVE COST SHIFT

- Currently, the federal government covers approximately 50 percent of the administrative costs for SNAP.
- H.R. 1 reduces the federal contribution to 25 percent and increases the state and county share to 75 percent, **starting in FY 2027**.
- This share is not tied to payment error rates.
- **In 9 of the 10 states** where SNAP is administered at the county level, counties are responsible for **either partially or entirely covering** the administrative cost share.

ABAWD WORK REQUIREMENTS



- **Expanded Definition:** Expands the definition of Able-Bodied Adults Without Dependents (ABAWDs) to include adults aged 18 to 64 (an increase from the current range of 18 to 54), and to those with dependents ages 14 and up.
- **Exemptions:** Strikes exemptions for veterans, individuals experiencing homelessness, and former foster youth.
- **October 3, 2025 Guidance:** FNS states that the changes to ABAWD work requirements were effective upon the enactment of H.R. 1, and that state agencies must provide households with written notice regarding these changes. Additionally, **starting on November 1**, agencies will have errors counted in their Quality Control review.
 - **The SNAP Quality Control** system measures how accurately SNAP state and county agencies determine a household's eligibility and benefit amount, and includes payment error rates.

ABAWD TIME LIMIT WAIVERS



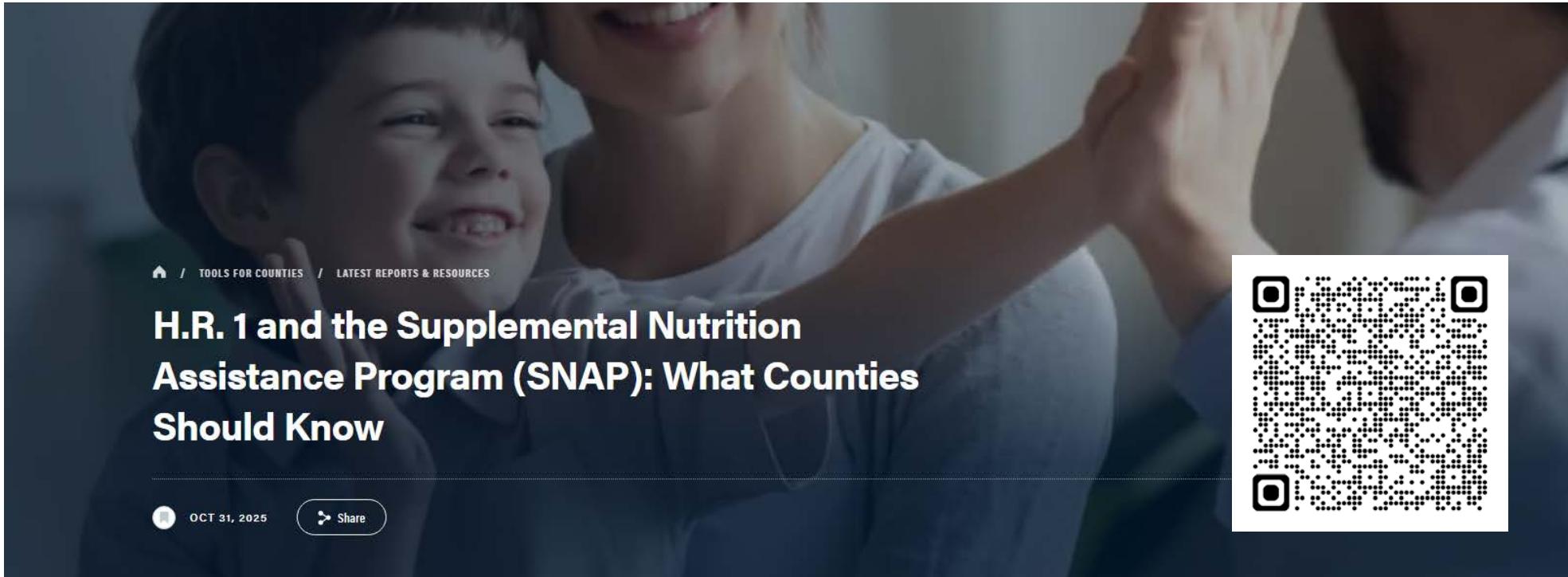
- **ABAWDs can receive SNAP for only three months in a 3-year period** if they do not meet certain work requirements. **This is called the ABAWD time limit.**
- **Prior to H.R. 1, states and counties could receive time limit waivers** for areas that have an unemployment rate of over 10 percent or **“does not have a sufficient number of jobs”**.
- **H.R. 1 reduces** the flexibility for states to waive ABAWD work requirements to **only areas** with unemployment rates over 10 percent (with exceptions for Alaska and Hawaii), even if local economic conditions warrant flexibility.

ELIGIBILITY FOR NON-CITIZENS



- **Lawful Permanent Residents (LPR), Cuban-Haitian entrants, and Compacts of Free Association (COFA) migrants are the only noncitizens eligible for SNAP.** Previously, refugees, individuals granted asylum and trafficking victims were eligible.
- **October 31, 2025 Guidance:** FNS released guidance stating that all changes to non-citizen eligibility took effect immediately upon passage of the legislation, with the hold harmless period expiring November 1, 2025.
- **On November 21, a coalition of 21 states and D.C. filed a lawsuit seeking to block the guidance.** Litigation is pending.

Learn More



Refresher: H.R. 1 Provisions & Implementation

OBBBA: Gains and Losses for County Health



Gains

- Nursing Home Staffing Mandate Moratorium (Effective Immediately)
- HCBS Waiver Option
- \$50 billion Rural Provider Relief Fund

Losses

- 5% Expansion FMAP Incentive (January 2026)
- State Directed Payments
- Provider Tax Restrictions
- 90% FMAP for Emergency Services to unlawful immigrants

Provisions with Funding for Local Governments



Provision	Allocated Funding	Date	Specifics
Community Engagement (Work) Requirements (Sec. 71119)	\$200 million in grants	FY 2026	\$100 million based on proportion of impacted individuals \$100 million distributed equity
HCBS Waiver Option (Sec. 71121)	\$100 million to states	FY 2027	

Provisions without Funding to Local Governments



Focus Area	Provision	Implementation Date
Local Medicaid Financing Reform	Provider Tax Reform (Sec. 71115, 71117)	October 1, 2027
Coverage Changes	Cost-Sharing Requirements (Sec. 71120)	October 1, 2028
	Retroactive Coverage (Sec. 7112)	January 1, 2027
Eligibility Changes	Twice- yearly Redeterminations (Sec. 71107)	December 31, 2026
	Quarterly Deceased status checks (Secs. 71104, 71105)	January 1, 2027 for beneficiaries January 1, 2028 for providers
	Limitations on Medicaid Eligible Populations (Sec. 71109)	October 1, 2026

Key Implementation Dates In the Next Year

July 4 2025

- Moratorium on New and Existing Provider Taxes
- Lower Cap for State Directed Payments

November 5, 2025

- RHTP applications due

December 31

- RHTP award notices sent

January 1, 2026

- Eliminating Temporary Financial Incentive for Medicaid Expansion

June 1, 2026

- HHS must release interim final guidance for states on work requirements.

January 1, 2027

- Work requirements for expansion enrollees begin;
- 6-month redeterminations start;
- retroactive coverage limited to 30 days.

Summary of CMS Guidance on Community Engagement Requirements

What Are the Requirements?

Applicable individuals must demonstrate one of the following monthly for at least 80 hours per month:

- Work
- Community service
- Participation in a work program
- Enrollment half-time in education/career and technical education
- Combination of these
- OR meet the income alternative ($\geq 80 \text{ hours} \times \text{federal minimum wage}$)

These requirements must be fulfilled:

- 1–3 months before application (state choice)
- 1+ months between each renewal (renewals now required every 6 months beginning 2027)

Who must meet the requirements?



Adults aged 19–64 in states that:



Resides in a state that covers the Medicaid expansion adult group



OR Resides in a state that covers a similar adult population through an 1115 demonstration that provides minimum essential coverage

Who is excluded from this requirement?

- Former foster youth
- American Indians/Alaska Natives
- Parents/caregivers of young children (≤ 13) or of a disabled individual
- Veterans with a total disability rating
- Individuals who are medically frail or have significant medical needs (including those with an SUD or disabling mental disorder)
- Individuals in compliance with TANF/SNAP work requirements
- People in drug treatment programs
- Inmates
- Pregnant/postpartum individuals

Which groups can be offered exceptions?

- Individuals under 19
- Medicare beneficiaries
- Recently released inmates (within 3 months)
- Individuals experiencing state-defined short-term hardship, such as:
 - ✓ Hospitalization/nursing facility/acute treatment
 - ✓ Living in a county under disaster declaration or high unemployment
 - ✓ Required long-distance travel for specialty medical care

What are states required to do?

States MUST...	States May (have flexibility to do)...	States May Not...
<p>Conduct required outreach explaining:</p> <ul style="list-style-type: none"> • Who is subject • How to comply • Consequences of non-compliance • How to report status changes 	<p>Choose whether applicants must show 1, 2, or 3 months of engagement prior to application.</p>	<p>Waive community engagement requirements through 1115 authority</p>
<p>Use available reliable data first before asking beneficiaries for documentation (e.g., payroll, education enrollment, encounter data)</p>	<p>Define “short-term hardship” exceptions (within federal parameters).</p>	<p>Choose specific months for beneficiaries to demonstrate engagement.</p>
<p>Issue a non-compliance notice and provide a 30-day period to correct or show exemption</p>	<p>Verify compliance more frequently than renewal cycles.</p>	<p>Deny or terminate eligibility without giving 30 days to resolve</p>
<p>Continue Medicaid coverage for beneficiaries during the 30-day response period</p>	<p>Allow beneficiaries flexibility in <i>which</i> months they meet the requirement between renewals.</p>	<p>Use community engagement non-compliance to: Deny increased FMAP Allow individuals access to Marketplace PTCs (individuals remain treated as Medicaid-eligible even if disenrolled for non-compliance)</p>
	<p>Implement earlier than 2027 through a state plan amendment or 1115 demonstration.</p>	

When must requirements be implemented?



January 1, 2027- nationwide effective date



States have option to implement earlier or apply for a temporary good faith effort exemption, which would end by December 31, 2028



HHS must issue an Interim Final Rule by June 1, 2026

What funding is available for implementation?



\$200 million total



\$100M split equally across all 50 states
+ D.C.



\$100M allocated based on each state's
share of individuals subject to the work
requirement (as of March 31, 2025)

Deep Dive: Overview of County Exemptions

What is the Hardship Exception?

- ❑ States may request hardship exemptions for individuals in counties that have:
 - ✓ Have a current disaster declaration by the President;
 - ✓ Unemployment $\geq 8\%$, or
 - ✓ Unemployment $< 8\%$ but $\geq 1.5 \times$ the national average.
- ❑ If approved, all residents in qualifying counties are exempt from work requirements for a set period
- ❑ Mirrors SNAP waiver criteria for areas with limited job availability
- ❑ HHS Secretary has broad discretion over implementation, including required state documentation, length of exemption, and application process

When would a county qualify?

- Counties could qualify for the hardship exception to the work requirement under the high-unemployment criteria in the following cases (subject to further guidance to CMS):
 - If exemption eligibility is based on full year unemployment averages
 - If exemption eligibility is based on monthly unemployment rates

What percentage of counties would qualify for a hardship exemption?

If exemption eligibility is based on ***full year unemployment averages***

5.57% of all counties

28 states

If exemption eligibility is based on ***monthly unemployment rates***

14.3% of all counties

46 states

***Based on point and time data from BLS July 2024 – August 2025*

Learn More: NACo Resources for Counties

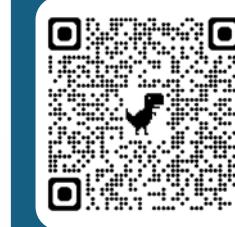


**Federal Reforms to Medicaid Financing:
What Counties Should Know**

TOOLS FOR COUNTIES / LATEST REPORTS & RESOURCES

MAR 19, 2025

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**NACo Report:
Medicaid and Counties**



**NACo Report: The Big
Shift**



**NACo County Explorer
Tool**

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