

# Recent Changes to Medicaid at the Federal- Level: High-Level Overview

JFO

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- This presentation is intended to be high-level overview/refresher of several changes within the last year that impact the State's Medicaid program and beneficiaries.
- These changes were the result of:
  - H.R. Federal Reconciliation Bill, and/or
  - The expiration of pandemic era programs
- This presentation is not intended to be exhaustive or detailed, but rather a high-level refresher



# Expiration of Enhanced Premium Tax Credits

- Advanced Premium Tax Credits (APTC) were established under the *Affordable Care Act (ACA)* in 2010.
  - Subsidies for eligible families (up to 400% FPL) who purchase individual market plans through the exchange.
- Enhanced premium tax credits (ePTCs) were authorized by the *American Rescue Plan Act (ARPA)* in 2021 and extended through 2025 by the *Inflation Reduction Act* in 2022.
  - Eliminated the “subsidy cliff” allowing families with incomes over 400% FPL to qualify for subsidies.
  - Increased subsidies for those under 400%FPL, further reducing their monthly premiums.
- The ePTCs expired Dec. 31, 2025
- APTC established under the ACA are still in effect. ePTCs are not.



# Expiration of Enhanced Premium Tax Credits

## Applicable Percentage based on Household Income

Income (% of FPL)	2026 PTC	Expired 12/31/25 Enhanced PTC
100% - 133%	2.1%	0%
133% - 150%	3.14% - 4.19%	0%
150% - 200%	4.19% - 6.6%	0% - 2%
200% - 250%	6.6% - 8.44%	2% - 4%
250% - 300%	8.44% - 9.96%	4% - 6%
300% - 400%	9.96%	6% - 8.5%
Over 400%	Not eligible for Subsidies	8.5%

Source: Office of the Health Care Advocate, Vermont Legal Aid

### 2026 Federal Poverty Levels (FPLs)

Household Size	Annually				
	100%	138%	200%	300%	400%
1	\$15,960	\$22,025	\$31,920	\$47,880	\$63,840
2	\$21,640	\$29,863	\$43,280	\$64,920	\$86,560
3	\$27,320	\$37,702	\$54,640	\$81,960	\$109,280
4	\$33,000	\$45,540	\$66,000	\$99,000	\$132,000
5	\$38,680	\$53,378	\$77,360	\$116,040	\$154,720
6	\$44,360	\$61,217	\$88,720	\$133,080	\$177,440

<https://aspe.hhs.gov/poverty-guidelines>



# Expiration of Enhanced Premium Tax Credits

Between September 2025 and January 2028

- QHP enrollment decreased by 2,358
- 4,568 more people were without any subsidies

Qualified Health Plan Coverage			
	As of 9/30/2025	As of 1/31/2026	Diff
<b>TOTAL QHP</b>	<b>32,788</b>	<b>30,430</b>	<b>(2,358)</b>
State & Federal subsidy (<400% FPL)	10,978	14,078	3,100
Federal subsidy only (>400% FPL)	19,408	10,136	(9,272)
No subsidy	1,648	6,216	4,568

Source: Health insurance coverage maps, Dept. of Vermont Health Access

## Other Impacts

- Estimated loss of federal subsidies could be \$65 million (or more) based on a technical [report](#) submitted by DVHA (January 2025)
- Loss of subsidies have resulted in increases in premiums paid by beneficiaries
- The number of uninsured in Vermont has likely increased



# H.R.1 Federal Reconciliation Bill: *Provider Taxes Changes*

**H.R.1 prohibited states from enacting any new provider taxes**

19 Federal Classes of Health Care Services		
★ = Classes currently assessed in Vermont		
Inpatient hospital services ★	Services of managed care organizations	Therapist services
Outpatient hospital services ★	Ambulatory service centers	Nursing services
Nursing facility services* ★	Dental services	Laboratory and x-ray services
Services of intermediate care facilities* ★	Podiatric services	Emergency ambulance services ★
Physicians' services	Chiropractic services	Other health care items or services for which the state has enacted a licensing or certification fee
Home health care services	Optometric services	
Outpatient prescription drugs ★	Psychological services	

\*\* While this provider tax still exists in Vermont statute, there are no more of these facilities operating in Vermont.



# H.R.1 Federal Reconciliation Bill:

## *Provider Taxes Changes*

- Phase down of the provider tax rate (“safe harbor threshold”) that expansion states can charge from 6% to 3.5% by 2032
  - **In Vermont, this only impacts the Hospital Provider Tax**
  - Nursing Home and intermediate care facilities provider taxes are excluded from phase down
  - Vermont’s Ambulance and Pharmacy provider tax rates are already below 3.5%

### Current Vermont Provider Taxes

Class of Provider	Current Rate (% of Net Patient Revenue)	H.R.1 Impact	
Hospitals	6%	Yes	Rate will decrease from 6% to 3.5%
Nursing Homes <sup>1</sup>	\$4,919.53 per bed <sup>1</sup>	No	Excluded in Federal Reconciliation Act
Ambulance	3.30%	No	Current rate lower than 3.5%
Intermediate Care Facilities <sup>2</sup>	5.90%	No	Excluded in Federal Reconciliation Act
Pharmacy	\$0.10/script	No	Current rate lower than 3.5%

<sup>1</sup> Nursing Home rate intended to equal roughly 6% of net patient revenues.

<sup>2</sup> The last facility (Westview Court) closed October 2020. Assessment still in statute.

- **Begins 10/1/27 (fiscal year 2028)**

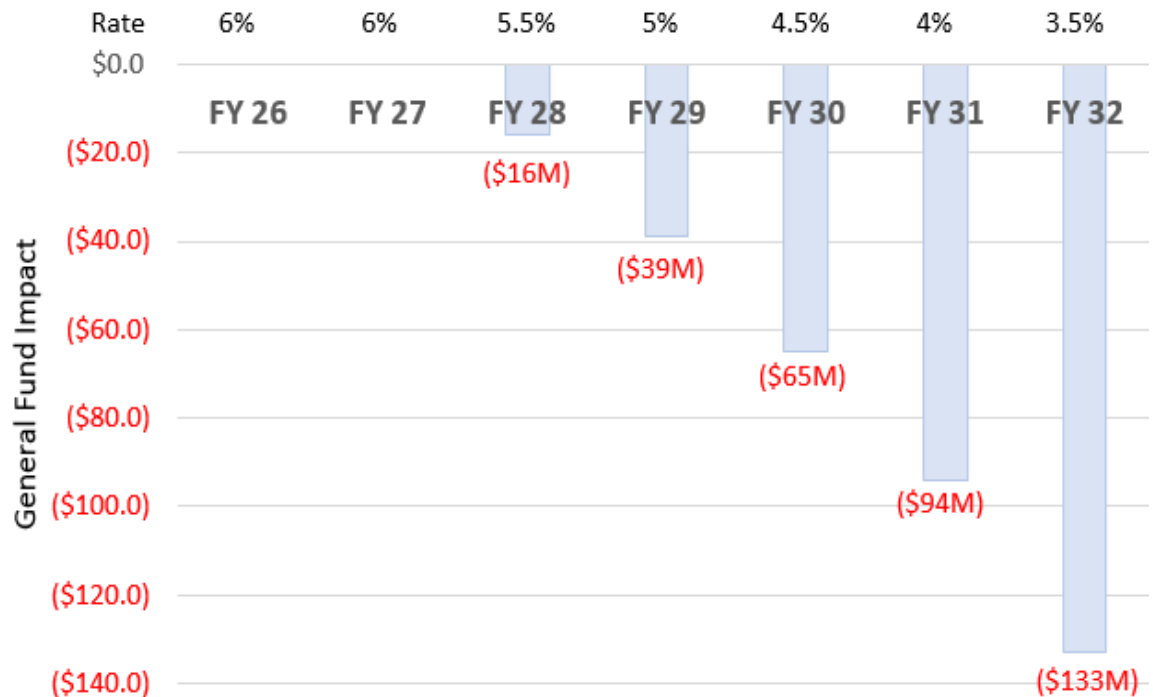


# H.R.1 Federal Reconciliation Bill: *Provider Taxes Changes*

PRELIMINARY ESTIMATES: PROVIDER TAX RATE CHANGE AS  
OUTLINED IN THE 2025 FEDERAL RECONCILIATION ACT,  
State Fiscal Years 2026 to 2032

Preliminary JFO Estimate:  
\$16 million (FY 2028) to  
\$133 million (FY 2032)  
reduction in General Fund  
revenues

- Reductions will depend on the FMAP rates and any state budget and/or policy decisions



# H.R.1 Federal Reconciliation Bill:

## *Other Selected Provisions*

**Work requirements** – states must establish community engagement requirements for ACA expansion populations as a condition of eligibility for able bodied adults, ages 19 to 64.

- Effective no later than 1/1/27
- Exemptions allowed until 1/1/29 if states demonstrate good faith effort to comply

**Retroactive coverage limits** – shortens retroactive Medicaid coverage for expenses incurred prior to application date from 3 months to:

- 2 months for traditional Medicaid and CHIP
- 1 month for ACA expansion population
- Effective 1/1/27



# H.R.1 Federal Reconciliation Bill:

## *Other Selected Provisions*

**Eligibility determinations** – increases frequency of eligibility redeterminations for the ACA expansion population eligibility from annually to every 6 months.

- Effective 1/1/27
- Budget includes appropriations and positions to address increased administrative needs.

**Planned Parenthood** – prohibits Medicaid reimbursements to Planned Parenthood for 1 year

- AHS is backfilling costs with General Funds (approx. \$1.1M gross impact)
- Subject to on-going litigation



# H.R.1 Federal Reconciliation Bill:

## *Other Selected Provisions*

**Cost Sharing requirements** – requires states to impose cost-sharing for ACA expansion adults with incomes over 100% FPL

- Cost sharing must be greater than \$0 but no more than \$35 per services
- Excludes primary, prenatal and pediatric care, emergency services, mental health and substance use disorder
- Effective 10/1/28



# H.R.1 Federal Reconciliation Bill:

## *Other Selected Provisions*

**State Directed Payments** – Mechanism where states require their managed care plans to health care providers specific, targeted amounts to achieve state policy goals.

- This would impact future targeted rate increases, and Blueprint payments for Patient Centered Medical Homes and Community Health Teams

**Non-citizens** – Prohibits Medicaid coverage and QHP premium assistance for asylees, refugees, and non-citizens.

- Effective 10/1/26



# H.R.1 Federal Reconciliation Bill:

## *Other Selected Provisions*

### Rural Health Transformation Grants

- Allocates \$10 billion per year (2026-2030) to states to support rural providers
  - Vermont received approx. \$195M for the first year of grants.

