

House Resolution 1

MAC & BAC 10/23/2025

South Dakota Department of Social Services

Agenda

President Donald Trump signed the House of Representatives' Fiscal Year (FY) 2025 reconciliation bill titled the One Big Beautiful Bill Act, on July 4, 2025, which includes provisions impacting Medicaid and CHIP.

The Centers for Medicare & Medicaid Services (CMS) has not released federal guidance.

- **Section 71119:** Community Engagement (Work) Requirements
- **Section 71107:** Eligibility Redeterminations (Biannual Renewals)
- **Section 71112:** Reducing State Medicaid Costs (Retroactive Reduction)
- **Section 71120:** Cost Sharing Requirements
- **Section 71109:** Noncitizen Medicaid Eligibility

Section 71119: Community Engagement

What it is:
Community Engagement / Work Requirements for Medicaid Expansion

When does it go into effect:

- October 1, 2026 – Notification to Current Enrollees Required
- January 1, 2027 – Effective Date

What does it mean:
Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended to require Medicaid Expansion applicants and recipients to meet work or community engagement requirements as a condition of eligibility. All new applicants are subject to this requirement as of January 1, 2027, and ongoing beneficiaries will be reviewed at their next redetermination after that date.

Individuals can meet the requirements if they complete 80 hours per month through employment, participation in a work program (job training), enrollment in an educational program at least half time, community service activities, or a combination (including income over 80 hrs. x Federal Minimum Wage).

CMS must release guidance to states by June 1, 2026.

Who is impacted:
Individuals enrolled in Medicaid Expansion ***unless*** Native American, tribal members, or IHS-eligible.

Section 71119: Exemptions

In addition to Native Americans, tribal members, and those eligible for IHS:

- **Caretakers:** parent, guardian, caretaker relative, or family caregiver (as defined in section 2 of the RAISE Family Caregivers Act) of a dependent child 13 years of age and under or a disabled individual;
- **Disabled Veterans**: a veteran with a disability rated as total under section 1155 of title 38, United States Code;
- **Medical Needs**: medically frail or otherwise has special medical needs (as defined by the Secretary), including an individual who is blind or disabled (as defined in section 1614), with a substance use disorder, with a disabling mental disorder, with a physical, intellectual, or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living, with a serious or complex medical condition;
- **Already Meeting Work Requirements**: in compliance with any requirements imposed by the State pursuant to section 407 (TANF) or a member of a household that receives SNAP;
- **Substance Use Disorder (SUD) Treatment**: participating in a drug addiction or alcoholic treatment and rehabilitation program (as defined in section 3(h) of the Food and Nutrition Act of 2008);
- **Incarcerated or Recently Incarcerated**: inmate of a public institution or, at any point during the 3-month period ending on the first day of such month, the individual was an inmate of a public institution (recent incarceration);
- **Pregnant and Postpartum**: pregnant or entitled to postpartum medical assistance under paragraph (5) or (16) or subjection (e).

Section 71119: Short-Term Hardships

States may provide short-term hardship exemptions for individuals with extenuating circumstances:

1. Require care in hospitals or other intensive care settings
2. Reside in a federally declared disaster area
3. Live in counties with unemployment rates higher than 8% *or* 1.5 times the national unemployment rate
4. Need to travel (for self or a dependent) for medical care for an extended time

HR1 Language

"(i) IN GENERAL.—The State plan (or waiver of such plan) may provide, in the case of an applicable individual who experiences a short-term hardship event during a month, that the State shall, under procedures established by the State (in accordance with standards specified by the Secretary), in the case of a short-term hardship event described in clause (ii)(II) and, upon the request of such individual, a short term hardship event described in subclause (I) or (III) of clause (ii), deem such individual to have demonstrated community engagement under paragraph (2) for such month.

"(ii) SHORT-TERM HARDSHIP EVENT DEFINED.—For purposes of this subparagraph, an applicable individual experiences a short-term hardship event during a month if, for part or all of such month—

> "(I) such individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this subclause) as the Secretary determines appropriate;

Section 71119: Short-Term Hardships (cont.)

"(II) such individual resides in a county (or equivalent unit of local government) —

"(aa) in which there exists an emergency or disaster declared by the President pursuant to the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act; or

"(bb) that, subject to a request from the State to the Secretary, made in such form, at such time, and containing such information as the Secretary may require, has an unemployment rate that is at or above the lesser of—

"(AA) 8 percent; or
"(BB) 1.5 times the national unemployment rate; or

"(III) such individual or their dependent must travel outside of their community for an extended period of time to receive medical services necessary to treat a serious or complex medical condition (as described in paragraph (9)(A)(ii)(V)(ee)) that are not available within their community of residence

Section 71119: Feedback

Questions

- What are your biggest concerns about the effects of community engagement/work requirements?
- What barriers exist that will make it difficult for individuals to meet community engagement/work requirements?
- What barriers exist that may make it difficult for individuals to attest to or verify exemptions, such as being a caretaker, medical needs, etc.?
- How might the application be improved so DSS can gather information needed right away?
- Are there messages or terms surrounding these requirements that DSS should avoid or clarify to help reduce confusion or fear?
- CMS has not provided guidance on the definition of “medically frail.” How would you define this term?
- What community resources exist that can help individuals who are not exempt?

Section 71107: Biannual Renewals

What it is:
Eligibility Determinations (Biannual Renewals) for Medicaid Expansion

When does it go into effect:
January 1, 2027

What does it mean:
Section 1902(e)(14) of the Social Security Act (42 U.S.C. 1396a(e)(14)) is amended to require States to redetermine eligibility (renewal) once every six (6) months for persons enrolled in the Medicaid Expansion coverage group. CMS is required to release guidance by December 31, 2025.

Who is impacted:
Individuals enrolled in Medicaid Expansion *unless* Native American, tribal members, or IHS-eligible.

How is this different from current procedure:
Current federal rule does not allow a State to require beneficiaries to renew more than once every twelve (12) months.

Section 71112: Retroactive Reduction

What it is:
Reducing State Medicaid Costs / Retroactive Reduction

When does it go into effect:
January 1, 2027

What does it mean:
Section 1902(a)(34) of the Social Security Act (42 U.S.C. 1396a(a)(34)) is amended to limit retroactive coverage to one (1) month for persons only eligible under Medicaid Expansion criteria and (2) months for persons eligible under all other coverage groups.

How is this different from current procedure:
Retroactive coverage is currently up to three (3) months prior to the month of application for all applicants regardless of coverage group criteria they meet.

It is not expected that this will impact the 90-day reinstatement period at 42 CFR 435.919(d) for *ongoing beneficiaries* who are terminated for not returning requested information. These individuals are not required to submit new applications if all required information to reinstate is received within 90-days of disenrollment.

Section 71120: Cost Sharing

What it is:
Modifying Cost Sharing Requirements for Certain Medicaid Expansion Individuals

When does it go into effect:
October 1, 2028

What does it mean:
Section 1916 of the Social Security Act (42 U.S.C. 1396o) is amended to impose cost sharing of up to $35 per service on Medicaid Expansion beneficiaries with income between 100% and 138% FPL. Families cannot be charged more than 5% of their total household income per year (current Federal regulation at 42 CFR 447.56).

It exempts primary care, prenatal care, emergency room care, mental health, and substance use disorder services. It excludes services provided by federally qualified health centers, behavioral health clinics, and rural health clinics.

Who is impacted:
Individuals enrolled in Medicaid Expansion *unless* Native American, tribal members, or IHS-eligible.

HR1's language specifically preserves the cost sharing exemption for individuals in subsection (j) of 42 USC 1396o.

How is this different from current procedure:
DSS removed copays and cost sharing for services effective July 1, 2024, as the dynamic limits were deemed costly, difficult to implement, and administratively burdensome for providers.

Section 71109: Noncitizen Eligibility

What it is:
Noncitizen Eligibility

When does it go into effect:
October 1, 2026

What does it mean:
Section 1903(v) of the Social Security Act (42 U.S.C. 1396b(v)) is amended and limits Medicaid and CHIP eligibility to:

- Citizens or nationals of the U.S.;
- Lawful Permanent Residents (LPRs);
- Cuban and Haitian Entrants (CHEs), as defined in 501(e) of the Refugee Education Assistance Act of 1980; and
- Lawfully residing Compact of Free Association (COFA) migrants.

How is this different from current procedure:
The definition of qualified noncitizen currently includes several other immigration statuses, including but not limited to refugees, asylees, battered aliens, and Native Americans born in Canada or members of a federally-recognized tribe born outside of the country.

HR1: Feedback

Questions

- What would make communication about HR1 more transparent and less stressful?
- What supports would help beneficiaries, providers, and stakeholders feel more confident about these changes?
- What would help beneficiaries more easily report changes in their lives?
- How could DSS help reduce “churn” (the cycle of beneficiaries having coverage, losing it, and then having it again)?
- How might medical providers help identify and support patients as changes go into effect?
- What kind of feedback loops (e.g., surveys, listening sessions, etc.) might help after HR1 is implemented?
- What community resources might assist beneficiaries if they become ineligible?



Questions?

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