

Health Care Policy in 2025: Medicaid, SNAP, and the Excise Tax

**Presentation for
Grantmakers in Health**

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EXPERTISE FROM FORMER CONGRESSIONAL AND ADMINISTRATION STAFF



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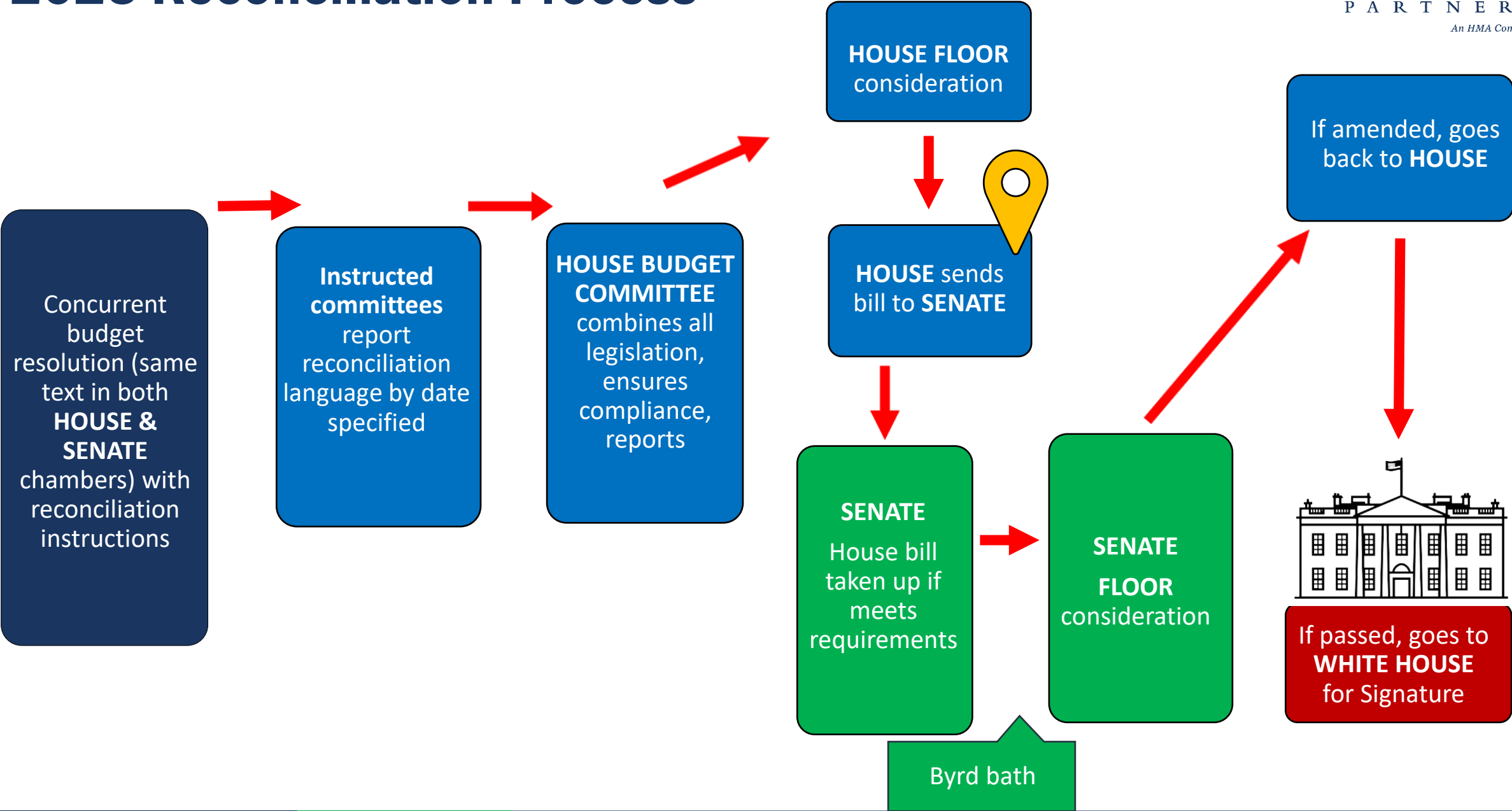
Today's Objectives

- Explain the budget reconciliation **process and timeline** – where we're at and what's next
- Describe the **Medicaid, SNAP, Medicare, ACA**, and relevant **tax** provisions in the House-passed reconciliation bill and implications for stakeholders
- Discuss potential **changes** that could be made in the Senate
- Highlight ways for grantmakers to **educate** on and **influence** the bill as it moves forward

Reconciliation Process – where we're at and what comes next



2025 Reconciliation Process



2025 Timeline: Potential Congressional Republican Activity



House passed reconciliation bill.

Informal target for Senate to pass reconciliation bill before July 4th.

Informal target for House and Senate to pass reconciliation bill before August recess.

September 30: FY 2025 budget reconciliation instructions expire.

If the reconciliation bill is not passed by the end of the FY 2025, Congress will need to pass a FY 2026 budget and start the process all over.

December 31: The Tax Cuts and Jobs Act (TCJA) of 2017 expires.

The TCJA's expiration is the main driver of the reconciliation process.

Debt Ceiling Could be Reached by August

Potential for FY 26 Budget Reconciliation Bill

Key Policies Impacting Grantmakers



Key Policies Included in House-Passed Bill

Medicaid

Work Requirements
Eligibility Requirements
Enhanced Eligibility
Verification

SNAP

Work Requirements
Administrative Funds

Taxes

Excise Tax on
Foundations

Medicare

Eligibility Requirements
Physician Fee Schedule
Update

ACA

Eligibility Requirements
Enhanced Eligibility
Verification
Elimination of Recapture
Limits

Medicaid Work Requirements: Key Facts

Mandatory for **ALL**
states

Applies to adults
18-64 without
dependents*

Start date
Dec 31, 2026

80 hrs/mo work,
community
engagement or
school

Other Key Requirements

Frequency: States must verify compliance as part of the enrollment process as well as during redeterminations, through use of ex parte verification, but may do so more frequently.

Compliance: States are required confirm compliance with the work requirements for at least 1 month prior to enrollment or re-enrollment, but states are allowed—*and its likely several states would*—require compliance for additional months in order to enroll or be re-enrolled in Medicaid.

Process: For non-compliant beneficiaries, the state is required to notify the individual and provide 30 days to provide information verifying compliance or that they are exempt from requirements. If they do not, the state must verify that they are not otherwise eligible for Medicaid and provide notice of a fair hearing prior to disenrolling.

Funding: Provides for \$100 million for states to receive a grant to help establish these requirements, and \$50 million for HHS to implement requirements.

Exceptions to Medicaid Work Requirements

Mandatory Exceptions
Former foster youth under age 26
Native Americans (subject to several statutory definitions)
Parents, guardians, or caretaker relatives of a disabled individual or dependent child
Veterans with disabilities
Medically frail or with special medical needs
Those meeting SNAP work requirements
Those in a drug addition or alcoholic treatment and rehabilitation program
Pregnant or entitled to postpartum medical assistance
Dual eligible beneficiaries (Enrolled in Medicare & Medicaid)
Inmates of a public institution during the any portion of the prior 3 months

Optional Exceptions for Short Term Hardships
Recent inpatient hospital, inpatient psychiatric hospital, intermediate care facility, or outpatient services of a similar type
Living in a location with an emergency or disaster
Unemployment rate above lesser of 8 percent or 1.5 times national unemployment rate

Medicaid Provisions Cont.

Cost sharing

- adds mandatory cost sharing for expansion population adults with incomes over 100 percent FPL, up to \$35 per service. Exempted from the cost sharing requirements are: primary care, mental health care services, substance use disorder services, prenatal care, pediatric care, and emergency department care (except where non-emergent care is provided in the ED)

Immigration

- prohibits federal Medicaid funding for individuals whose citizenship, nationality, or immigration status has not been verified.

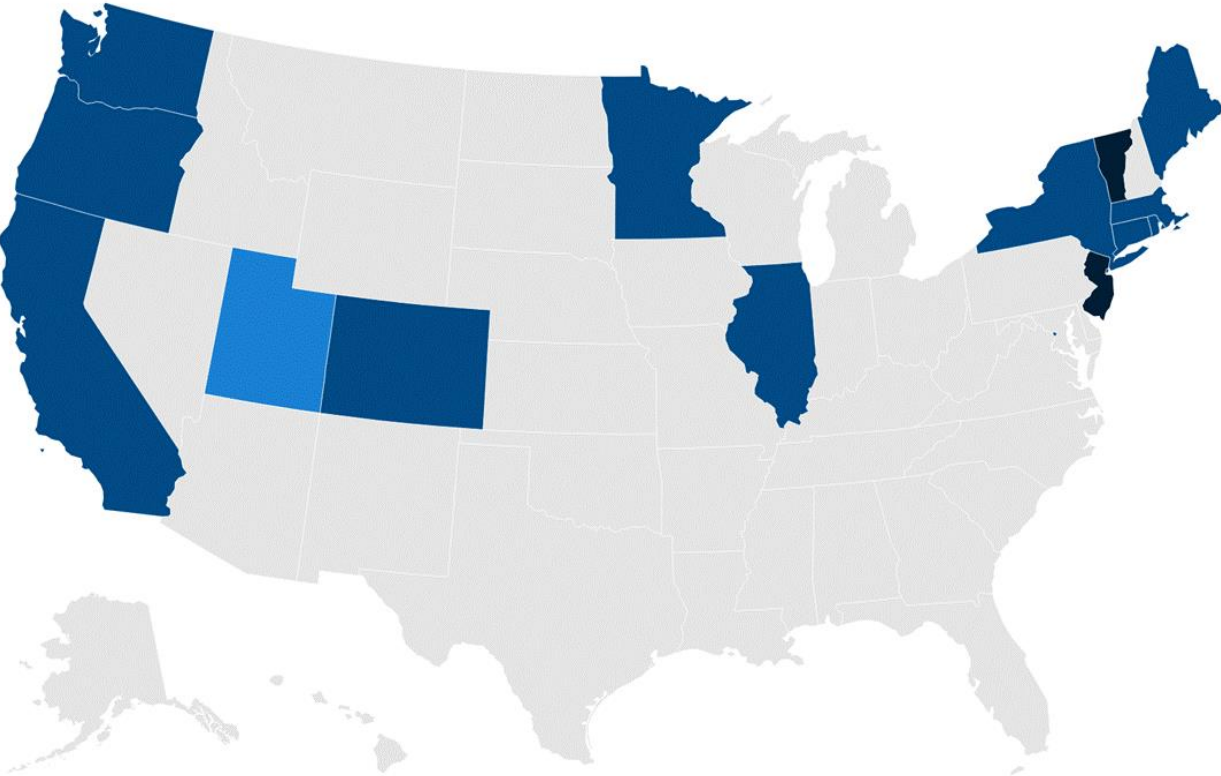
Expansion States

- lowers the federal amount provided to expansion states that use state funding to provide coverage to any resident who is ineligible for federal Medicaid due to their immigration status.

State-Funded Medicaid Coverage Regardless of Immigration Status

Figure 3
State-Funded Coverage for Children and Pregnant People Regardless of Immigration Status as of April 2025

■ Children and Pregnant People ■ Children ■ Enrollment Closed



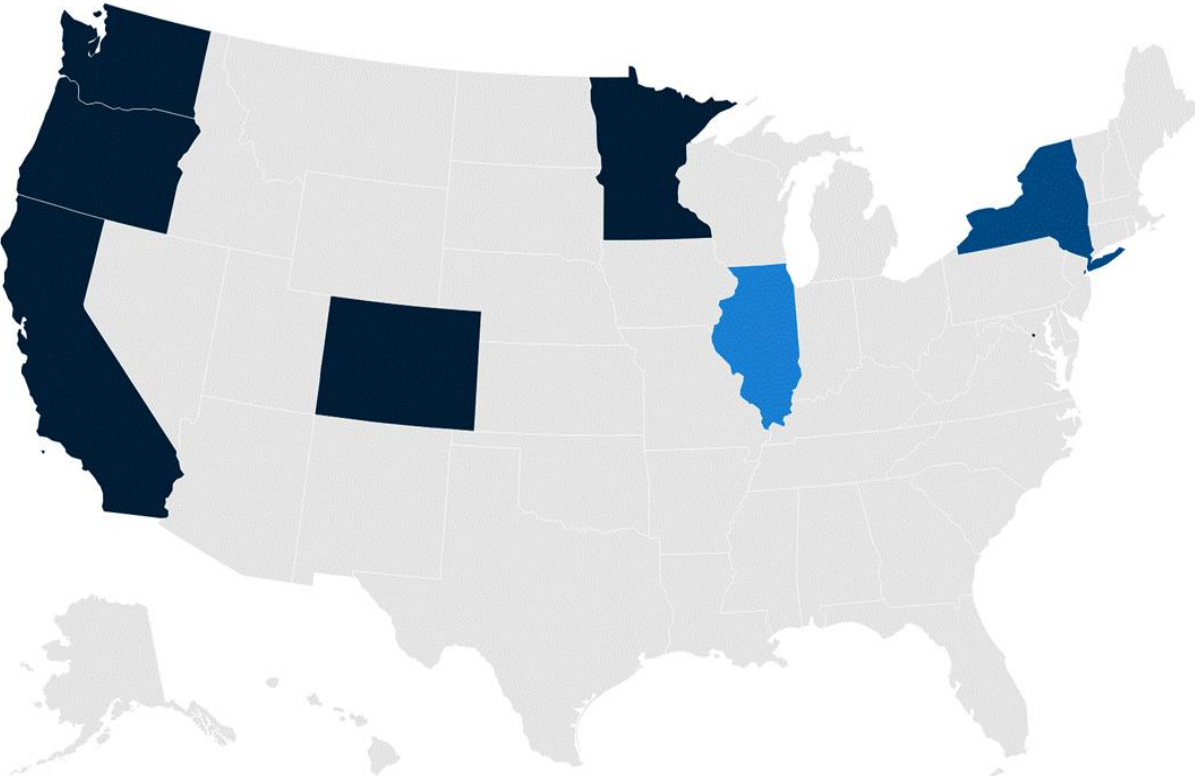
Note: In Connecticut, new enrollment of children regardless of immigration status is limited to those under age 13, and to those under age 16 beginning July 2024, but they may stay enrolled up to age 19. Utah state-funded enrollment of children regardless of immigration status is currently closed.

Source: Based on results from a national survey conducted by KFF and the Georgetown University Center for Children and Families, 2025, with additional updates from Colorado Department of Health Care Policy & Financing, "Cover All Coloradans: Health Benefits for Children and Pregnant Persons", accessed April 2025.

KFF

Figure 4
State-Funded Coverage for Adults Regardless of Immigration Status as of April 2025

■ Adults ■ Adults Age 65+ Only ■ Enrollment Closed



Note: Colorado and Washington provide state marketplace coverage regardless of immigration status. Illinois state-funded coverage enrollment for their Health Benefits for Immigrant Seniors and Health Benefits for Immigrant Adults programs is currently closed. New York state-funded coverage is limited to individuals ages 65 and older.

Source: Based on results from a national survey conducted by KFF and the Georgetown University Center for Children and Families, 2025, with additional updates from "Health Benefits for Immigrants", Illinois Department of Healthcare and Family Services, accessed April 2025.

KFF

Medicaid Provisions Cont.

Transgender Services

- prohibits federal Medicaid funding from being used for gender transition procedures for children and adults.

Redeterminations

- increases the frequency of eligibility checks for Medicaid expansion enrollees from once a year to once every 6 months.

Rules Delay

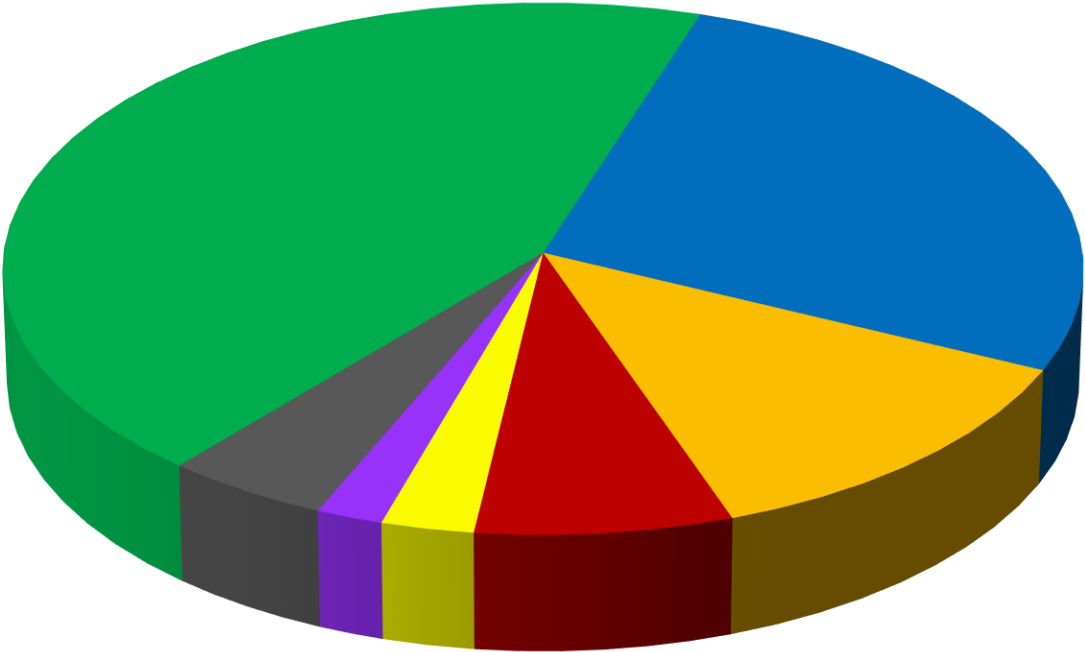
- delays implementation of Biden-era rules that generally made it easier for people to enroll and stay enrolled in Medicaid.

Planned Parenthood

- prohibits federal Medicaid funding for Planned Parenthood

Sources of Medicaid Spending Cuts

- **Community Engagement Requirement**
- \$300.8 B
- **Moratorium on Biden Admin. Regs.**
- \$162.7 B
- **Moratorium on Provider Taxes**
- \$86.8 B
- **Increasing Eligibility Redeterminations**
- \$49.4 B
- **Ensuring Appropriate Address Verification**
- \$17.4 B
- **Cost Sharing Requirements**
- \$13.B
- **Four Smaller Policies**



Source: CBO, courtesy of House E&C, May 13, 2025

CBO: Preliminary Estimate of Coverage Impact of E&C Provisions

Medicaid Policy & Coverage Effect	Impact
Medicaid expansion adults without dependents not meeting the work requirement	4.8 M
Undocumented immigrants enrolled in Medicaid	1.4 M
Individuals ineligible for Medicaid coverage to be disenrolled from coverage	1.2 M
Unrealized CBO anticipated growth	0.2 M
Net Uninsured	7.6 M

Program Level Impact of Interacted Policies	Impact
Medicaid/CHIP*	-10.3 M
Other Coverage (state-only funded programs)	-1.4 M
Marketplace	0.6 M
Employer Sponsored Insurance	0.8 M

*Includes people who had been covered in two states simultaneously who would be disenrolled from the state they no longer reside in but would retain coverage in the state of their current residence (1.6 million in 2034). It also includes people who had been dual eligibles who would lose their Medicaid coverage and retain their Medicare coverage (1.3 million in 2034). Source: Preliminary Congressional Budget Office analysis

These estimates are preliminary and subject to change.

SNAP Changes:

expand work requirements which currently apply to non-disabled adults without dependents up to age 54. The bill would expand these work requirements for these individuals up to age 64.

limit the work requirements exemption for people with dependents age 18 and below to dependents age 7 and below.

limit state waiver requests from the work requirements.

increase states' share of administrative costs.

Supplemental Nutrition Assistance Program Cont.



CBO estimates these changes would:

- reduce federal SNAP funding by nearly **\$300 billion** over ten years (approximately a 30 percent reduction)
- reduce SNAP enrollment by roughly **3.2 million people** in an average month over the 2025–2034 period. Of those **3.2 million people**:
 - about **1 million** people losing benefits in an average month would be non-disabled adults through age 64 who do not live with dependent children,
 - another **800,000** people are considered non-disabled adults age 18 to 64 who live with children who are age 7 or older, and
 - the remaining **1.4 million** would be non-disabled adults aged 18 to 54 (or 18 to 49, starting in 2031) who do not live with dependents but who receive a waiver or exemption from the requirements under current law.

Current Law

Private foundations that are recognized as exempt from Federal income tax are subject to an excise tax of 1.39 percent on their net investment income



House-passed provision

The bill would establish a tiered structure for the excise tax on foundations:

Foundation Assets	Excise Tax Rate
<\$50 million	1.39%
≥\$50 million but <\$250 million	2.78%
≥\$250 million but <\$5 billion	5%
≥\$5 billion	10%

Tax Exempt Status of Certain Organizations

Earlier versions of the bill allowed the Secretary of the Treasury to remove the tax-exempt status of organizations it determines is providing ‘material support’ to a terrorist organization over three years. Current law already prohibits “terrorist organizations” from receiving tax-exempt status. This provision broadens the applicability to organizations that **have provided material support or resources to terrorist organizations over the prior three years.**

- A terrorist organization, as defined in current law, means an organization that has received a designation from the Secretary of State that the organization is 1) a foreign organization, 2) that is engaged in terrorist activities, and 3) that the activities threaten the security of the United States or U.S. nationals.
- Material support excludes medicine and religious materials, but does include “any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel (1 or more individuals who may be or include oneself), and transportation.”
- The legislation also specifically excludes support or resources that were approved by the Secretary of State and the Attorney General and humanitarian aid provided with the approval of the Office of Foreign Assets Control.
- The Joint Committee on Taxation (JCT) estimated that this provision has a “negligible revenue effect.”



Medicare

The House-passed bill includes several provisions related to Medicare, including:

- limiting Medicare eligibility to U.S. citizens and lawfully present immigrants admitted for permanent residence, Compact of Free Association (COFA) migrants residing in the United States, and certain immigrants from Cuba.
- an update to the methodology used to calculate payments to clinicians starting in 2026. The legislation would not provide the payment relief in 2025 that clinicians have been advocating for, but it does provide a metric for yearly updates and increases over time at a rate slower than the rate of inflation.

Affordable Care Act

The legislation also includes changes to ACA coverage that are expected to **increase the number of uninsured** individuals.

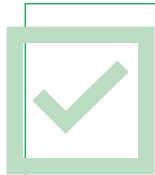
- require an **enhanced income and eligibility verification process** for Advanced Premium Tax Credits (APTCs) that reduce the cost of insurance in an ACA Marketplace.
- limit opportunities for consumers to enroll in ACA coverage by **shortening the annual Open Enrollment Period** for individual market coverage from November 1–December 15 (in recent years the open enrollment period has lasted from November 1–January 15) and **eliminating a Special Enrollment Period** in which people with a household income below 150% of the Federal Poverty Level could enroll in ACA coverage throughout the year.
- **exclude Deferred Action for Childhood Arrivals (DACA) recipients** from being eligible for APTCs or other federal subsidies to reduce the cost of ACA coverage.
- prevent individuals from receiving APTCs until their eligibility, including income, immigration status, place of residence, family size, and any health coverage status, can be **verified**.



Senate Considerations



Violates the Byrd Rule If...



Does not change outlays or revenues



Committee non-compliance



Outside committee jurisdiction



“Merely incidental” change in outlays or revenues



Increases the deficit for a fiscal year beyond the “budget window”



Changes Social Security

Any Senator who believes a provision violates the Byrd Rule can raise a Point of Order to have the provision stricken.

If the Parliamentarians find that the Byrd Rule has been violated, any Senator can make a motion to waive the Byrd rule, which require 60 votes.

Example of The Byrd Rule In Action: Individual Mandate



Repealing individual mandate violates Byrd Rule.

- The change in revenue is “merely incidental” to larger policy change of getting rid of the mandate.
- Argued that the primary purpose of the individual mandate was to change behavior by compelling people to purchase insurance.

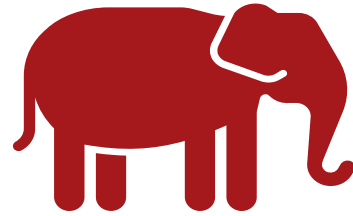


Reducing individual mandate penalty DOES NOT violate Byrd Rule.

- Change in revenue.
- No accompanying policy change.

Competing GOP Priorities on Medicaid Policy

Cutting Spending



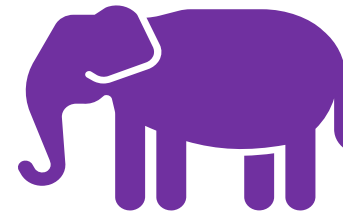
“As written, the bill continues increased deficits in the near term with possible savings years down the road that may never materialize.

- *The House Freedom Caucus, May 18*



“I doubt, too, that Trump voters will be elated to see the GOP embrace Democratic policies and priorities—including ObamaCare, which seems to have found new life under the name “Medicaid expansion.” And I can’t imagine that they want Republicans to increase annual deficits.

- *Senator Ron Johnson (R-WI), May 12*



Protecting Benefits

“A noisy contingent of corporatist Republicans....this wing of the party wants Republicans to build our big, beautiful bill around slashing health insurance for the working poor. But that argument is both morally wrong and politically suicidal.

- *Senator Josh Hawley (R-MO), May 12*



“Balancing the federal budget must not come at the expense of those who depend on these benefits for their health and economic security.

- *Letter from 12 House Republican Members, April 14*



Implications for Funders



Themes in the Legislation

Immigration
Status

Work
Requirements

Enhanced
Eligibility
Verifications

Increasing
State Share of
Costs

Key Impacts



CBO estimated the legislation would result in **households in the lowest 10 percent of incomes** experiencing a decrease in government resources by about 2 percent in 2027 and 4 percent in 2033, while resources for households in the highest 10 percent of incomes would increase by about 4 percent in 2027 and 2 percent in 2033.



An informal email from CBO estimates the reconciliation legislation would **reduce the number of people with health insurance by at least 8.6 million**. The Center on Budget and Policy Priorities also estimated coverage losses that would result from Medicaid work requirements, by Congressional district.



CBO estimated the SNAP changes would **reduce SNAP enrollment by roughly 3.2 million people** in an average month over the 2025–2034 period. The Urban Institute also developed a [resource](#) on how SNAP cuts could impact specific states and communities.



CBO estimates the changes to the **excise tax on foundations** would **increase tax revenue by \$15.88 billion** over 10 years.

- ☐ **Assess:** *Understand your vulnerability to federal and state funding challenges.*
- ☐ **Equity:** *Target underserved, be mindful of federal funding limitations, and messaging about the work.*
- ☐ **Efficiencies:** *Proactively find ways to improve efficiencies without negative impacts on health outcomes.*

- ☐ **Educate:** *Make sure local, state, and federal policymakers understand the programs you provide.*
- ☐ **Advocate:** *Conduct direct advocacy on the policy proposals that pose an existential threat. Personal stories are meaningful.*
- ☐ **Communicate:** *Utilize communications tools (social media, op-eds, etc) to raise awareness and reach policymakers.*
- ☐ **Focus on Where the Pendulum Will Stop:** *Generate viable policy solutions.*
- ☐ **Know Your Numbers:** *Have data to demonstrate the value of these programs.*
- ☐ **Make New Friends:** *Don't only count on traditional alliances and partnerships, this environment calls for new voices and approaches.*



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