1 OBBBA: Where Are We Now?

Interim Final Rule on community engagement requirements for Medicaid expansion adults

138% FPL

Expansion adults (about $22,025/yr, single). Not SSI or HCBS waiver eligibility.

Jan 1, 2027

Deadline for states to implement work reporting requirements.

80 hrs / month

Work, volunteering, or half-time study, or earnings of about $580/month.

Categorical exemptions

- **Medically frail:** condition must "significantly impair" ability to comply (blind or disabled per SSA § 1614; SUD not in 5+ year recovery; disabling mental disorder; disability impairing ADLs; serious or complex medical condition).
- **Caregivers:** parents, guardians, caretaker relatives, and family caregivers of a child 13 or under or a disabled individual.
- **Also:** pregnant and postpartum individuals, and more.

Caregiver definitions

- **Caretaker relative:** blood, adoption, or marriage; lives with and is primarily responsible for care. States may expand.
- **Family caregiver:** regular, non-incidental help as a resident, a nonresident relative, or a non-relative at 80+ hrs/month.
- **Disabled individual:** ADA definition (28 C.F.R. § 35.108), any age; need not be Medicaid eligible on a disability basis.
- **Hardship:** hospitalization, medical travel, disaster declarations, high local unemployment.

Litigation: Massachusetts v. Oz

- **Parties:** 26 states and D.C. challenge the IFR in D. Mass.
- **July 30, 2026:** Judge Stearns denied a preliminary injunction; no irreparable harm since CMS covers 90% of implementation costs.
- **Status:** merits not decided; case continues.
- **Narrowing issue:** states must verify not just a condition, but that it "significantly impairs" ability to work.

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2 New Provider Tax Limits

How states finance their share of Medicaid is getting harder

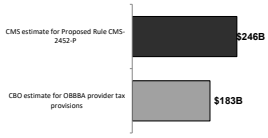
What are provider taxes?

Mandatory fees states place on hospitals, nursing homes, and managed care organizations to help finance the state's non-federal share of Medicaid.

CMS actions after OBBBA

- **Final Rule:** "generally redistributive" requirement bars provider taxes structured to disproportionately burden Medicaid.
- **Proposed Rule CMS-2452-P (July 21, 2026):** implements H.R. 1's new provider tax limits and goes beyond them.

Federal Medicaid reduction over 10 years ($ billions)



Section 1115 budget neutrality, starting Jan 1, 2027

- CMS Chief Actuary must certify budget neutrality before approval.
- Administrative and indirect costs count for the first time.
- States lose flexibility to cover people or services not otherwise allowed under Medicaid.
- A forthcoming rule is expected to cap waivers at five years.

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3 End of Temporary Status for Haiti and Other Countries

Workforce consequences for home care, long-term care, and aging services

28%

of direct care workers nationwide are immigrants

Source: PHI Midterm Policy Brief Series, Support Immigrants

Impact on the health care workforce

- Impacts arrive when there is already a shortage of workers.
- Immigrants make up 28% of direct care workers nationwide.

Case in point: South Florida

- NBC Miami reports that revoking TPS for Haitians would create a crisis for South Florida's health care industry.

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4 Community Integration

Olmstead's integration mandate under pressure

1999	June 18, 2026	July 2026	Sept 23, 2026
Olmstead v. L.C.	**DOJ OLC memo**	**Federal Register notice**	**Texas v. Kennedy**
Unjustified institutional segregation is discrimination under ADA Title II	ADA and 504 do not require the most integrated setting	DOJ to revisit Olmstead guidance after Loper Bright; won't rely on it	N.D. Tex. order vacates community integration provisions of HHS 504 rules

Olmstead requires community services when

- Treatment professionals find it appropriate;
- The individual does not oppose it; and
- It can be reasonably accommodated given state resources and others' needs.

What the OLC memo does not do

- Change the law
- Overturn Olmstead
- Invalidate existing court orders
- Prevent individuals from bringing Olmstead claims

Why it still matters

- OLC opinions bind all executive branch agencies.
- Likely to shift DOJ and HHS enforcement, including existing settlements and agreements.
- HCBS waivers that SNT clients rely on rest on Olmstead.

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5 Fraud, Waste, and Abuse Initiatives

New scrutiny on so many fronts

46%

of SSA overpayment notices reviewed by the OIG did not meet SSA's own policy requirements

Deficiencies included

- Missing explanation of how and when the overpayment occurred
- Omitted reconsideration and waiver rights
- Inaccurate dollar amounts
- Conflicting or unclear language
- Insufficient detail on calculation methods

Source: SSA Office of the Inspector General, Sept. 4, 2026

Implementation of HOTMA regulations

- **Open question:** how SNT distributions are treated as income, now vs. later. Only interest? Dividends? No clear answers yet.
- **Jan 1, 2027:** full mandatory HOTMA compliance for HUD Multifamily programs, giving HUD time to finalize TRACS and update forms.
- **Reference:** HUD Notice PIH 2026-15.

Inconsistent implementation in the meantime

- Varying reports of local agencies following HOTMA rules or pre-HOTMA rules.

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6 Trump Accounts (TA)

Eligibility, contributions, and SSI treatment (POMS SI 01120.250)

$1,000	$5,000	$2,500	Age 18
One-time federal seed for children born 2025 through 2028	Annual cap on contributions from all sources (indexed after 2027)	Annual employer contribution for an employee or dependent	Growth period ends; then IRA-like tax rules apply

Eligibility and setup

- Child under 18 at end of the year opened, with a valid SSN (non-citizens with an SSN qualify).
- No income or earned-income limits. One TA per child.
- Opened by parents, guardians, or others authorized.
- Invested in funds tracking a U.S. stock index; generally no withdrawals before 18.

SSI: growth period (before year of age 18)

- Entire TA value is not a resource.
- Not distributions: rollover to another TA, removal of excess contributions, death of beneficiary, and a rollover to an ABLE account in the year the beneficiary turns 17.
- Contributions generally not income, but benefits can't be sheltered by direct deposit; rep payees may not route SSA or SSI payments into a TA.

SSI: post-growth period (from Jan 1 of year of age 18)

- TA is a countable resource.
- Value = amount withdrawable after any early distribution tax.
- Distributions are a conversion of a resource, not income.
- Contributions are income or a resource conversion, depending on source.

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7 SNA's Latest Legislative Efforts

Two bills to watch

H.R. 9846

Childhood Disability Benefits Fairness Act

- **Sponsor:** Rep. Debbie Dingell.
- **Status:** introduced; now seeking a Republican co-sponsor.

Wyden / Grassley

Assigning Federal Pensions to (d)(4)(A) SNTs and Pooled Trusts

- **Timing:** expected by year end or at the start of the new Congress.
- **Effect:** lets federal retirees elect to direct pension payments to an SNT, across three systems:

CSRS | **FERS** | **Foreign Service RDS**

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8 Social Security Administration and Trusts

AI review, pooled trust challenges, and field office inconsistency

Potential use of AI to review documents

- SSA has published an Enterprise AI Strategy.
- AI may be used to review trust documents.

True Link transfers counted as income

- 2026 report: a local California SSA office counted all True Link transfers as income.

Concern over recent challenges on pooled trusts

1. **Documents with prior precedents**
   Concerns about documents that already have precedents in the system.
2. **Investment duties**
   POMS SI 01120.225.D
3. **Use of for-profit entities**
   Non-profit must keep ultimate managerial control: investing corpus, removing trustees, day-to-day beneficiary decisions.
4. **Funds for legal counsel**
   POMS SI 01120.201.F.4 permits reasonable investment, legal, and other trust-related costs under the sole-benefit rule.
5. **Precedents "disappearing"**
   Not all precedents are in the POMS PS section; some organizations can no longer find theirs.

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9 Extras: Worth a Mention

HCBS Impacts Tracker Project

Tracking how states implement federal policy changes, including H.R. 1 / OBBBA, in their HCBS systems, and what those changes mean for people with disabilities and older adults.

Project partners

George Washington University | **HSRI**

ATI Advisory | **UMass Boston LTSS Center**

Every 2 weeks

The tracker is updated biweekly, with the last-updated date posted on the project page.

hpmmatters.publichealth.gwu.edu/HCBS-impacts-tracker-project

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