

Federal Compliance Advisory Group Report At-A-Glance: Findings, Options, and Considerations to Comply with Federal Changes

Summary of Policy Changes and Options to Consider (November 2025)



REPORT DEVELOPMENT OVERVIEW

RI analyzed federal policy changes from House Resolution-1 (H.R.-1) affecting Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Health Insurance Marketplace offered by HealthSource RI to understand impacts and identify administrative and legislative options.

- The Federal Compliance Advisory Group (FCAG) held five public meetings from July–November 2025 related to a total of 36 policy changes across the three programs.
- Report development included feedback from 636 meeting attendees, 362 interested parties, 357 gallery walk comments, 47 survey responses, and 17 partner presentations.
- The report details policy changes, populations affected, timelines, fiscal effects, and options that note advantages, disadvantages, and community feedback.

MEDICAID POLICY CHANGES

Provider Taxes:

- Lowers provider-tax thresholds and tightens redistributive tests (phase-down starts 10/01/27; new/increased taxes barred on enactment) (Eff. 07/04/25).
- **Impact:** Reduces state revenue; compliance-only posture.
- **Options:** (1) No Alternative Options Proposed, Compliance Only.

State Directed Payments:

- Caps SDPs at Medicare (100% for expansion); above-cap SDPs phase down 10%/yr starting SFY 2029; effective upon enactment for new approvals (Eff. 07/04/25).
- **Impact:** Forces rate reductions for some hospitals; affects OHIC-reviewed payments.
- **Options:** (1) Set hospital minimum fee schedule to Medicare equivalent.

Alien Medicaid Eligibility:

- Narrows “qualified alien” categories for Medicaid/CHIP (Eff. 10/01/26).
- **Impact:** Coverage losses for non-citizen adults; state-only backstops increase costs.
- **Options:** (1) Modify the “Cover All Kids” eligibility pathway to include those over 21.

Community Engagement:

- Adds Medicaid work/community-engagement requirements for certain adults (Eff. 12/31/26).
- **Impact:** Roughly 24,000 could lose coverage; heavy administrative buildout required.
- **Options:** (1) Work with CMS to determine if it is possible to align work requirements for SNAP and Medicaid; (2) Eliminate the Expansion population and coordinate with HSRI on alternative exchange-based options for this population.

Eligibility Redeterminations and Retroactivity:

- Redeterminations move to 6-month cycles and retroactive coverage windows shorten (Eff. 12/31/26–01/01/27).
- **Impact:** Increases churn and administrative burden; adds financial pressure to providers.
- **Options:** (1) Maintain the expansion population and the state would absorb additional implementation costs.

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Cost-Sharing Requirements:

- Adds copays for expansion adults >100% FPL (\leq \$35 per service) with exclusions (Eff. 10/01/28).
- **Impact:** Requires new collection systems; may lower provider revenues.
- **Options:** (1) Implement state infrastructure for copay collection.

SNAP POLICY CHANGES

SNAP Thrifty Food Plan:

- Freezes benefit adjustments to inflation only; no real growth (Eff. 10/01/27).
- **Impact:** Gradual erosion of benefit value; greater strain on food assistance networks.
- **Options:** (1) Strengthen/expand the Interagency Food & Nutrition Policy Advisory Council; (2) Sustain and Expand the Eat Well, Be Well (EWBW) Rewards Program.

SNAP Work Requirement Modifications:

- Expands ABAWD age to 18–64 and tightens exemptions (Eff. 07/04/25; 120-day QC variance to 11/01/25) (Eff. 10/01/25).
- **Impact:** Around 9,000 affected; higher error risk and need for employment supports.
- **Options:** (1) Integrated Work-Requirement Platform & One Front Door hubs; (2) Voluntary Referral to the Vocational Rehabilitation (VR) Program; (3) Volunteer and Peer-Led “SNAP-Ed Lite” Network.

SNAP Standard Utility Allowances (SUA) Rules:

- Restricts SUA shelter deductions to elderly/disabled and counts only actual third-party aid (Eff. 11/01/25).
- **Impact:** ~20,000 households affected; increases verification and documentation load.
- **Options:** (1) Utility Data-Match + Simple Proofs; (2) Public/Private Seasonal Hardship and Energy-Efficiency Supports (Non-SNAP Funds).

SNAP Payment Error Rate (PER) Matching Funds Requirements:

- Requires states with error rates \geq 6% to share SNAP costs (Eff. 10/01/27).
- **Impact:** New fiscal liability; creates pressure for quality-control improvements.
- **Options:** (1) Establish state PER reserve + vendor performance clauses; (2) Community PER Partners.

SNAP Administration Cost Sharing:

- Reduces federal admin match from 50% to 25% (Eff. 10/01/26).
- **Impact:** Adds \approx \$13 M in annual state costs; no authority or system change required.
- **Options:** Sorted into Two Response Strategy Categories
- (1A) Establish a State PER Reserve and Embed Vendor Performance Clauses; and (1B) Community PER Partners; OR (2A) Integrated Work-Requirement Platform and “One Front Door” Compliance Hubs; (2B) Voluntary Referral to the Vocational Rehabilitation (VR) Program; and (2C) Volunteer and Peer-Led “SNAP-Ed Lite” Network.

SNAP Nutrition Education Grants:

- Ends the \$550 M SNAP-Ed grant program after FY25 (Eff. 10/01/25).
- **Impact:** Eliminates \sim \$1.5 M state funding stream; requires replacement support.

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- **Options:** (1) Digital and Mobile Nutrition Outreach; (2) SNAP-Ed Substitution through Braided Funding.

SNAP Non-Citizen Eligibility Restrictions:

- Limits SNAP to citizens, LPRs, and a few categories; excludes most others (Eff. 11/01/25).
- **Impact:** ~2,300 lose eligibility; more reliance on private food aid.
- **Options:** (1) Public and Private Food Assistance Bridge for Newly Ineligible Groups; (2) Community Service Exchange Models (Non-Benefit).

Health Insurance Marketplace (HSRI)

Affordability Changes – Broad Based:

- Ends enhanced APTCs and raises affordability threshold (Eff. 01/01/26).
- **Impact:** ~13,000 may disenroll; higher premiums and reduced federal subsidy flow.
- **Options:** (1) Proactive customer notice on premium increases; (2) State premium subsidy program to backfill enhanced APTCs; (3) Small-employer incentive for HSRI-for-Employers coverage.

Affordability Changes – Specific Populations:

- Ends APTCs for DACA and recent immigrants <100% FPL and for those losing Medicaid due to work rules (Eff. 01/01/26–01/01/27).
- **Impact:** Over 4,000 people may lose coverage; growing affordability gap for mixed-status families.
- **Options:** (1) Communications and Outreach to Impacted Immigrants; (2) Integrated Trainings across DHS & HSRI on CE Impacts to APTC.

Enrollment Barriers:

- Ends <150% FPL SEP, shortens OEP, removes APTC recapture caps, and adds pre-enrollment verification (Phased 2026–2028).
- **Impact:** Fewer eligible enrollments; weaker risk pools and higher administrative friction.
- **Options:** (1) Proactive Customer Notice on Premium Increases [Income-based SEP Eliminated and OEP shortened and No Limit on APTC Recapture] and (2) Communications and Third-Party Data Sources for Auto-Verification [Pre-Enrollment Verification eliminates conditional eligibility].

Operational Challenges:

- Cross-program implementation strains coordination and service delivery across Medicaid, DHS, and HSRI (Eff. 01/01/26).
- **Impact:** Customer service demand will rise with shorter response windows; coverage losses likely; overlapping policy changes increase confusion.
- **Options:** (1) No Alternative Options Proposed, Compliance and Mitigation Only.

MOVING FORWARD

EOHHS, DHS, and HSRI are deeply grateful for the public participation and comment in the FCAG process that assisted the development of the report—including impacts and options.

- Rhode Island will continue to provide clear, timely information about changes affecting Medicaid, SNAP, and HSRI members, along with resources to navigate these transitions.