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NASDDDS Directors Forum and Annual Conference

November 3-6
Phoenix, Arizona

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 **NASDDDS**
National Association of State Directors
of
Developmental Disabilities Services



Federal Spotlight

November 4th, 2025

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Government Shutdown SCUTTLEBUTT AND RUMOR

- The Senate is currently finalizing the details of a plan to pass a new CR.
- This new CR would probably be passed by the Senate (Rs and Ds) on Wednesday or Thursday of this week.
- It would fund the government through the end of January, though possibly the end of December.
- The House would return this Friday and vote on passage of that Senate-passed CR.
- The House will remain out of session next week then return the following as scheduled.
- The House will operate Mondays through Fridays from now until end of year, however, it will continue to follow the monthly schedule.
- Committees will focus mainly on markups for the remainder of 2025.

SNAP

- The Trump Administration informed a court that it will release SNAP contingency funds to states today
- The contingency funds will cover 50% of SNAP benefits for November
- States will receive the funds and will need to recalculate benefits in light of the reduced funding
- The Trump Administration will not use other emergency funding to further fund November SNAP benefits

RIFs?

- OMB memo directed agencies to create a list of RIFs for workers whose activities
 - aren't paid for via mandatory funds,
 - didn't get new money from HR.1, or
 - whose "PPA [programs, projects or activities] are not consistent with the President's priorities."
 - "Once fiscal year 2026 appropriations are enacted, agencies should revise their RIFs as needed to retain the minimal number of employees necessary to carry out statutory functions."
- RIFs were halted by court injunction
- Both Trump rationale and court ruling were based on shutdown status

Federal Appointments

- Dan Brillman, Director, CMCS
 - Founder and CEO of Unite Us, a health tech company
- Julie Hocker, Assistant Secretary of Labor for Disability Employment Policy, ODEP
 - Commissioner on Disabilities at ACL during previous Trump Administration
- Alex Adams, Assistant Secretary, Administration for Children and Families (ACF)
 - Idaho Department of Health and Welfare Director

Budget Reconciliation: Highlights from H.R. 1, the *One Big Beautiful Bill Act*

Rural Health Transformation Fund

- RHT Program funding is \$50 billion
 - Allocated to approved States
 - \$10 billion of funding each fiscal year, beginning in fiscal year 2026 and ending in fiscal year 2030.
 - 50% to be distributed equally amongst all approved States
 - 50% will be allocated by CMS based on a variety of factors including rural population, the proportion of rural health facilities in the State, the situation of certain hospitals in the State, and other factors to be specified by CMS in the NOFO
 - Application submissions due November 5th
 - Awards will be decided by December 31, 2025

Rural Health Transformation Fund

States must use RHT Program funds for three or more of the approved uses of funds (non-exhaustive):

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
- Providing payments to health care providers for the provision of health care items or services, as specified by the Administrator.
- Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.
- Assisting rural communities to right size their health care delivery systems by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines.
- Supporting access to opioid use disorder treatment services (as defined in section 1861(jjj)(1)), other substance use disorder treatment services, and mental health services.
- Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate.

Community Engagement Requirements

Figure 2

Proposed Qualifying Activities and Exemptions

Qualifying Activities	Mandatory Exemptions	Optional Hardship Exceptions
<ul style="list-style-type: none">• 80 hours per month of work, community service, and/or “work program” participation• Enrolled in education at least half time• Any combination of the above totaling 80 hours per month• Monthly income of minimum wage multiplied by 80 hours• Seasonal workers with an average monthly income over 6 months of minimum wage multiplied by 80 hours	<ul style="list-style-type: none">• Parent/guardian/caretakers of dependent children under age 13 or disabled individuals• Pregnant or receiving postpartum coverage• Foster youth/former foster youth under age 26• Medically frail• Participating in SUD program• Meeting SNAP/TANF work requirements• American Indians and Alaska Natives• Disabled veterans• Incarcerated or released from incarceration within 90 days• Entitled to Medicare Part A/enrolled in Medicare Part B	<p>State option to allow short-term hardship exceptions, for an individual who...</p> <ul style="list-style-type: none">• was in an inpatient hospital, nursing facility, intermediate care facility, or inpatient psychiatric hospital• resided in a county with a federally-declared emergency or disaster• resided in a county with a high unemployment rate (above 8% or 1.5x the national unemployment rate), subject to a request from the state to the Secretary• traveled outside of the individual’s community for an extended period for medical care for themselves or for their dependent

Community Engagement Requirements

The law requires HHS to release an interim final rule by June 2026 leaving states with limited time to develop or change implementation plans, protocols, and systems (and to test systems changes) before the January 2027 work requirement implementation deadline. The law allows the Secretary to exempt states from compliance with the new requirements until no later than December 31, 2028, if the state is demonstrating a “good faith” effort to comply.

Unknowns include criteria for verifying compliance; standards for data matching; definition of “medically frail,” definition of caregiver

New HCBS Waiver Option

- The needs-based criteria must be less stringent than institutional LOC
- The state must still attest to the cost neutrality of this new standalone waiver, meaning the average per capita cost of the waiver participants cannot exceed the average cost of institutional care.
- In their waiver application, states must:
 - Specify how many people the state expects to serve under the waiver
 - A crucial condition for CMS approval is that the state must demonstrate that the approval of this new waiver will not increase the average wait time to receive HCBS under any of the state's other existing 1915(c) waivers.

New HCBS Waiver Option

- States must report annually:
 - The cost of each service provided through the waiver
 - The length of time individuals receive each service
 - A comparison between this data and “any comparable data” for people in LOC-based HCBS and in institutions
 - The number of people who received services through the waiver during the preceding year
- The statute restricts states from using these waiver funds to make direct third-party payments
- This subsection of the statute makes two sets of funding available to CMS:
 - In 2026, \$50 million for purposes of carrying out this new statutory provision; and
 - In 2027, \$100 million to support states to deliver HCBS through 1915(c) or 1115 waivers. These payments are based on the proportion of the population of the state that is receiving HCBS through 1915 (c) or 1115 waivers
- Effective July 1, 2028

Provider Taxes

- Freezes provider taxes at current levels for both expansion and non-expansion states.
- In expansion states, reduces hold harmless threshold for expansion states by 0.5% every year beginning in 2028 until it reaches 3.5%
- In non-expansion states, caps hold harmless threshold at 6%.
- Taxes on NF and ICF services that are in effect on May 1, 2025 are exempt from the lower hold harmless threshold, as long as the tax is not modified.

Other Provisions

- Retroactive coverage limited to 2 months (1 month for expansion population)
- Requires HHS to certify budget neutrality for Section 1115 demonstration projects.
- Cap on State directed payments
- Establishes a lower cap of \$1,000,000 on home equity for LTSS recipients that is not waivable through asset disregards.
- Effective October 1, 2026, amends the definition of “qualified alien” to only include an alien lawfully admitted for permanent residence
 - Excludes alien visitors, tourists, diplomats, and students who enter the U.S. temporarily, certain Cuban and Haitian immigrants, and Compact of Free Association (COFA) migrants, refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims, and other non-citizens.

Timeline for Access Rule Compliance

By July 9, 2025

Medicaid Advisory Committee (MAC)
Beneficiary Advisory Council (BAC)



By July 9, 2027

Incident Management Systems
Assessment
Incident Management
Compliance Reporting
Person Centered Planning
Compliance Reporting
Wait List Reporting
Website Transparency



By July 9, 2029

Electronic Incident Management System



By July 9, 2026

Grievance System
Publish FFS Payment Rates *July 1st
First MAC Report



By July 9, 2028

Payment Adequacy Reporting for Personal Care, Home Health Aide, and Home Maker Services
Quality Measure Set



By July 9, 2030

Payment Adequacy Minimum Performance Standard (80/20 rule)

