



## **The Big, Ugly Bill Is Now Law**

### ***An Overview of Key Impacts of the Federal Budget Reconciliation Bill on the IDD and Autism Community***

**The Arc of Massachusetts**  
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On July 4, 2025, President Trump enacted a sweeping law that will deliver devastating cuts and fundamental changes to critical programs relied upon by millions of Americans, with particularly adverse consequences for the disability community. At a high level, this includes \$1 trillion in Medicaid cuts (the largest in the program's history), \$200 billion in cuts to the Supplemental Nutrition Assistance Program (SNAP), and several policy and eligibility changes. This will significantly impact people, families, providers, and states, who rely on funding from the federal government.

States like Massachusetts will have unique impacts, but it is important to note that no changes have been made yet to MassHealth, Massachusetts' Medicaid program. Cuts will not come in one fell swoop. Changes will come through eligibility adjustments, paperwork requirements, and the state's financial reality. We will continue to work closely with our state leaders to ensure that we are doing all that we can to blunt the worst of these cuts.

The Arc of Massachusetts is here to help make sense of this law, to answer questions, to support our community, and to keep up the advocacy. This bill moved through Congress and became law relatively quickly, which has led to confusion and misinformation. There is no doubt that this law will hurt those who need Medicaid most, including people with disabilities.

Though this is now officially law, not all provisions take effect immediately. We will continue to share more information, particularly as implementation gets underway and if there are any changes. This document includes an overview of the law's relevant provisions and offers guidance on how to stay engaged in this work.

#### **Healthcare**

- Medicaid is a joint federal and state program. The federal government reimburses Massachusetts for 50% of the cost. Some states are reimbursed to the tune of 90%. The Congressional Budget office [estimates](#) that the cuts in this law will cost states \$200 billion over ten years, due to reduced federal funding and restrictions on how states can finance their programs.
- Currently, Medicaid provides health insurance to over 70 million people across the country. Because of this law, over the next 10 years an estimated [17 million people](#) will lose coverage.
- In Massachusetts, over 2 million people get their health insurance from MassHealth, which is the state's Medicaid program. This may cause an estimated [300,000 people in Massachusetts](#) to lose their health insurance coverage over the next decade.

- Many low-income people and disabled people will see their costs for medical care increase due to rising copays and fewer benefits and out-of-pocket costs being covered by Medicaid.
- For already vulnerable and marginalized populations, including people with disabilities and Black and brown families, this will add to existing health disparities.

### Home and Community-Based Services

- History shows us that when federal support for Medicaid programs decreases, states are forced to make cuts and start with cutting benefits that are legally deemed “optional” such as home and community-based services (HCBS). While these services are not optional for individuals and families, they are technically “optional” in terms of what states are legally required to provide.
- [HCBS](#) includes waivers, personal care attendant (PCA) programs, in-home nursing care, therapies, and more. Cuts to funding will inevitably lead to states scaling back or eliminating these “optional” services, leaving many without the support that they need and forcing some into institutional settings.
- There are already long waitlists for these programs due to a pervasive workforce crisis that is caused in part due to limited funding. Further cuts will exacerbate this, causing fewer people to receive the services they need.
- The law does include the option for states to create a new HCBS waiver for people who do not need an institutional level of care. States would be required to establish eligibility criteria, which would need to be approved by the federal government. In applying, states would have to prove that the creation of this new waiver would not add to existing wait lists for other HCBS waiver programs. This new option is undefined, and likely will require specific guidance from the Centers for Medicare and Medicaid Services.

### Work Requirements

- Before we dive into these changes, let’s be clear: the [vast majority](#) of Medicaid recipients who are able to work are already working. Many who are not working want to but can’t find suitable jobs due to barriers to employment and lack of support.
- The work requirements in this law primarily apply to individuals who are covered under Medicaid Expansion. Most states, including Massachusetts, expanded eligibility [under provisions of the 2010 Affordable Care Act](#). Expansions allowed more low-income individuals to qualify for MassHealth and related services.
- The law forces states to require “able-bodied” adults aged 19-64 to work or participate in approved activities, including community service or school, for at least 80 hours per month
- There are limited exemptions, including “medically frail” individuals, which will be further defined by the Secretary of Health and Human Services. While this is intended to include people with IDD, we know that carve-outs [don’t work](#) and the definitions could be adjusted down the road.
  - [Experts agree](#) that even though exemptions are listed, they will be burdensome and challenging to prove. The Congressional Budget Office [estimates](#) that 5 million enrollees would lose their coverage due to this rule, mostly because they will not be able to keep up with the paperwork.

- There are also no additional supports included in this law to help people find or maintain work. Enrollees who are trying to find a job, can't secure employment, or lack transportation to get to work would be penalized.
- History shows us that work requirements are ineffective. States have implemented work requirements and they have been proven to *not* increase employment rates. In Arkansas, for example, [researchers](#) found that after the first year, there was a significant loss in Medicaid coverage and no meaningful change in employment

### Eligibility & Administrative Changes

- Further targeting the Medicaid Expansion population, the law requires that many adults go through eligibility redeterminations twice a year, rather than annually.
  - Coupled with new administrative requirements, this will lead to people losing eligibility simply for paperwork errors, missing deadlines, and confusion.
- There will be new verification requirements and states will be required to routinely check Social Security numbers and death records. States will have to implement other cumbersome measures that will not improve efficiency as intended but instead will create unnecessary administrative hurdles for beneficiaries.

### A Note About the Expansion Population

- It is important to note that even if you or your loved one is not included in the expansion population, many in our community are covered under expansion provisions, including low-income adults and children and certain immigrants. Countless people with disabilities, human service workers, teachers, and others get their healthcare because of Medicaid expansion.
- Medicaid expansion has been remarkably effective at providing previously ineligible adults with health insurance - improving their health outcomes and saving states money.
- Not only is our movement stronger when we advocate collectively, but the downstream impacts of this bill, including the workforce crisis and the state's ability to fund services, will impact everyone.

### What about Massachusetts?

- The Medicaid changes in this law could cost Massachusetts anywhere from [\\$15-25 billion over the next decade](#). This will significantly impact the state budget and leaders will be forced to make impossible decisions about funding services. In addition to the changes listed above, there are several other changes that will impact Massachusetts' bottom line:
  - There were changes to the Federal Medical Assistance Percentage (FMAP), which is the federal government's share of Medicaid costs. Medicaid Expansion states such as Massachusetts will see significant reductions in the FMAP rate for services provided to individuals who are eligible under the expansion.
  - The law also prohibits states from establishing any new provider taxes or from increasing the rate of existing provider taxes. Provider taxes are used by every state except Alaska to help states fund their portion of Medicaid. This will further tighten state budgets and will deeply impact hospitals.



- Medicaid eligibility will be restricted for certain non-citizens and non-lawful permanent residents. States will be penalized for using their own funds to provide coverage to certain immigrant populations.
- All of this will leave the state with less financial support from the federal government. Even a state as rich in resources as Massachusetts will not be able to make up for the lost funding from the federal government. The state will have to make hard choices about how to balance their budget given these lacking resources.
  - Overall, this law shifts responsibility to the states, but doesn't include the resources to help fund that work. States will have more requirements, paperwork, and other hurdles to jump through with fewer resources.

### Other Significant Changes

- The law also includes \$200 billion in cuts to the Supplemental Nutrition Assistance Program (SNAP). Many of the new provisions that apply to Medicaid also apply to SNAP, including work requirements, federal contribution cuts, eligibility changes including those for immigrant recipients, and more. This will directly impact the estimated [4 million non-elderly adults with disabilities who rely on SNAP](#). This will push more of the cost and responsibility to states.
- Cuts to Medicaid also impact public schools. Schools get reimbursed for services (including clinical staff and therapists) and supplies (including assistive technology) for students with disabilities. Medicaid is one of the [largest sources of funding for K-12 schools](#).
- The law creates a new federal school voucher program, which would [redirect upwards of \\$4 billion](#) in public funds away from public schools.
  - States would still have the legal obligation to educate students with disabilities, but with fewer resources to do so. It's also important to note that many private schools do not accept students with more complex disabilities, and do not have to abide by federal education protections, such as IDEA.

### Stay Engaged

This is overwhelming and scary. The Arc is here to help make sense of this and to help move your frustration into action.

- You can find a more detailed analysis from The Arc of the United States [here](#).
- **We need you to stay engaged in advocacy** as we work with our state leaders to safeguard services in Massachusetts.
  - [Sign up for our newsletter](#) to stay up to date on this situation and how the state is responding
  - Sign up for our [action alerts](#) to engage in advocacy at the state level
- **We want to hear from you.** Please share your stories and concerns. Are you facing cuts to health insurance or services? Let us know by using our [Disability Impact Tracker: Community Check-In Survey](#).
- We are in this together. Please reach out to Nora Bent, Director of Government Affairs and Strategic Partnerships at [nbent@arcmass.org](mailto:nbent@arcmass.org) with questions or if you need support.