

Federal Law Impacts for the Department of Social and Health Services

JULY 17, 2025 (Updated April 21, 2026)

ON JULY 4, 2025, the president signed into law a continuing resolution, H.R. 1, that impacts programs managed by the Department of Social and Health Services. While DSHS and its partners assess the full scope of potential impacts, significant changes are expected. A summary of the major direct impacts includes the following:

Major Policy/Funding Changes and Timelines

Policy and Funding Changes		Effective Dates
Broadens SNAP eligibility work requirements	Broadens the scope of those who must meet SNAP eligibility work requirements and narrows the exemptions for some people who have not historically been required to satisfy work requirements, like people who are homeless, veterans, certain former foster youth, and those who have dependent children. An estimated additional 129,000 Washingtonians are impacted, of which 73,000 clients are projected to lose access to food benefits due to this provision.	July 4, 2025 (FFY25)
Limits SNAP eligibility to legal citizens and lawful permanent residents	Limits SNAP to U.S. citizens, U.S. nationals, lawful permanent residents, Citizens of the Freely Associated States (COFA migrants) and certain Cubans/Haitians. Other immigrants, like refugees and asylees, are now ineligible. As required by statute, shifting these newly SNAP-ineligible recipients to the State Food Assistance Program would cost Washington approximately \$36.6 million annually.	July 4, 2025 (FFY25)
Reduces food benefit allotments	Limits future increases to the Thrifty Food Plan.	July 4, 2025 (FFY25)
Eliminates use of LIHEAP in Utility Allowance Calculation	Limits the impact of Low-Income Home Energy Assistance Act payments in calculating food benefits (under Heat & Eat), conferring the standard utility allowance only to households with an elderly or disabled member. Otherwise, LIHEAP payments become countable income. This lowers food benefits for 75,000 households, adds administrative burdens for DSHS clients and might increase state error rates and, in turn, the corresponding state match.	July 4, 2025 (FFY25)

Eliminates SNAP Nutrition Education program	SNAP will no longer fund the 60+ local health departments, community and health care organizations, Tribes, and WSU Extension offices that provide nutrition education programming to the public. Washington will no longer receive more than \$12 million annually. This affects approximately 180 jobs.	Oct. 1, 2025 (FFY26)
Reduces federal participation in SNAP administrative costs	Historically, federal/state partners shared the cost of administering SNAP 50/50. Now, those administrative costs will shift more heavily to the states (75/25). As a result, Washington anticipates an increase of over \$60 million annually in state-funded administrative costs.	Oct. 1, 2026 (FFY27)
Limits Medicaid eligibility to legal citizens and lawful permanent residents	Limits eligibility for Medicaid or CHIP to citizens, lawful permanent residents, certain Cuban and Haitian immigrants, Citizens of the Freely Associated States (COFA migrants) lawfully residing in the United States, and lawfully residing children and pregnant adults in states that use the ICHIA option (the Legal Immigrant Children's Health Improvement Act, S. 764). This change is expected to cause approximately 2,700 DSHS LTC/DD clients to lose coverage. ¹	Oct. 1, 2026 (FFY27)
Adds community engagement requirements for Medicaid eligibility	Requires the state to verify that people meet community engagement requirements, which may be met through working, participating in a work program, performing community service, enrolling in educational programming for at least 80 hours/month. DSHS is still determining the full effects of these requirements.	Jan. 1, 2027 (FFY27)
Cuts Medicaid Disproportionate Share Hospital (DSH) payments	Reduces the Medicaid Disproportionate Share Hospital payments effective Oct. 1, 2027, to \$43.7 million annually for FFY28-29, an annual cut of \$35 million.	Oct. 1, 2027 (FFY28)
Requires state SNAP match funds	For the first time in SNAP's history, the federal government will require states to contribute 5-15% annually to SNAP benefits if the state payment error rate is higher than 6%. If Washington experiences a future error rate greater than 6%, it will likely cost between \$92 million and \$276 million annually.	Oct. 1, 2027 (FFY28)
Revises the home equity limit for determining eligibility for long-term care services under Medicaid	Reduces the maximum home equity limits to \$1 million regardless of inflation but allows states to apply different requirements for homes located on farms. The current maximum limit is \$1,097,000 and is adjusted annually for inflation. This will impact recipients in high-cost housing areas, creating a barrier to accessing Medicaid Long-Term Services and Supports without first reducing equity in their homes.	Jan. 1, 2028 (FFY28)
Expands home and community-based services (HCBS) waivers	A new 1915(c) waiver option allows states to offer HCBS without requiring that they provide institutional level of care, but only if waiting lists for existing services are not extended. Impacts are currently not known.	July 1, 2028 (FFY28)



<p>Delays implementation of Biden-era final rules on nursing home staffing until FFY35</p>	<p>Prohibits the federal government from implementing, administering or enforcing the minimum nursing home staffing requirements set by the Biden Administration in 2024 or the 2023 final rule regarding eligibility and enrollment in Medicare savings programs until FFY35.</p>	<p>Effective until FFY35</p>
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Indirect Impacts

DSHS and its clients will also experience **indirect** impacts. These include, for example:

- The Division of Vocational Rehabilitation expects an increase in demand for services as individuals seek to comply with new Medicaid community engagement requirements.
- The Behavioral Health and Habilitation Administration expects challenges in safely discharging clients from hospitals into the community due to reduced funding for community-based and outpatient wraparound services.
- Further, the reduction in SNAP benefits impacts all of Washington state. Every \$1 invested in SNAP generates \$1.54 in local economic activity. This results in at least \$360 million annually not being spent in grocery stores, farmers markets and other retailers.

ⁱ Eligibility may continue for the following individuals because other federal agreements/programs may override the loss of Medicaid eligibility under H.R. 1:

- Children under age 18 who qualify under CHIPRA/ICHIA (CMS clarification is pending).
- SSI recipients under WA’s 1634 agreement. (CMS is expected to clarify how this interacts with H.R. 1.)

If the final determination from CMS is that those under age 18 and SSI recipients continue to receive services, DSHS estimates as many as 1,200 clients might still lose access to Medicaid services.