# Federal Law Impacts for the Department of Social and Health Services

JULY 17, 2025

ON JULY 4, 2025, the president signed into law a continuing resolution, H.R. 1, that will impact 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 |
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| **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 the program if the state payment error rate is higher than 6%. Washington's cost will likely be between $100 million to $300 million annually. | Oct. 1, 2027 (FFY28) |
| **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 $81 million annually in state-funded administrative costs. | Oct. 1, 2026 (FFY27) |
| **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 137,304 Washingtonians will now be subject to SNAP work requirements. | July 4, 2025 (FFY26) |
| **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. Shifting these newly SNAP-ineligible recipients to the State Food Assistance Program would cost Washington roughly $100 million annually. | July 4, 2025 (FFY26) |
| **Reduces food benefit allotments** | More than 500,000 households in Washington receive food benefits, representing more than 920,000 people. DSHS estimates that household benefit allotments will decrease by an average of $55.95/month. Specific decreases will depend on a household's composition and circumstances. | July 4, 2025 (FFY26) |

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| **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 $11.5 million annually. This affects approximately 180 jobs. | Oct. 1, 2025 (FFY26) |
| **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 (FFY29) |
| **Delays implementation of Biden-era final rules on nursing home staffing until FFY35** | 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. | Effective until FFY35 |
| **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 Support without first reducing equity in their homes. | Jan. 1, 2028 (FFY29) |
| **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). | Oct. 1, 2026 (FFY27) |
| **Cuts Medicaid Disproportionate Share Hospital (DSH) payments** | Reduces the Medicaid Disproportionate Share Hospital (DSH) payments effective October 1, 2025, to $43.7 million annually for FFY26-28, an annual cut of $30 million. | Oct. 1, 2025 (FFY26) |
| **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 |
| **Eliminates use of LIHEAP in Utility Allowance Calculation** | Limits the impact of Low-Income Home Energy Assistance Act payments in SNAP (under Heat & Eat), conferring the standard utility allowance only to households with an elderly or disabled member. Otherwise, LIHEAP payments become countable income. This adds administrative burdens for DSHS clients and may increase state error rates and, in turn, the corresponding state match. | July 4, 2025 |

## 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.