



H.R. 1 Medicaid Provisions and Impacts

North Alabama Mental Health Coalition – July 8, 2025

Daniel Adamek, PhD and Krista Moulton, MSW, LICSW, PIP

For more information contact daniel@littleorangefish.org

Sec. 44131, 44132–44135: Convert Medicaid to Block Grants

Bill Text: Amend section 1903 to limit payments to states to per capita allotments, beginning in FY2025... capped at FY2022 baseline levels...

- Limits Alabama's future Medicaid growth despite rising mental health needs.
- Jeopardizes new funding for crisis services or CMHC expansions.
- Disproportionately hurts non-expansion states like Alabama.

Sec. 44131: End Enhanced FMAP for Expansion

Bill Text: Eliminates the 90 percent FMAP for Medicaid expansion populations... effective immediately.

- Blocks incentives for Alabama to consider expansion or ALLHealth.
- Reduces political viability of future behavioral health access proposals.
- Leaves 101,000 Alabamians in the coverage gap with fewer options.

Sec. 44135: Waiver Requirement for MH/SUD Services

Bill Text: No federal funds may be used unless states receive a waiver for mental health or substance use services beyond standard inpatient or physician services.

- Threatens services like mobile crisis, peer support, MAT.
- Adds bureaucratic delays to implementing community-based models.
- Risks waiver denials or expirations disrupting care continuity.

Sec. 44141: Work Requirements for Eligibility

Bill Text: Medicaid eligibility shall be conditional upon verification of 20 hours of weekly employment, job search, or training...

- Many with mental illness may be unable to meet criteria.
- Risk of disenrollment spikes for those in unstable housing or crisis recovery.
- Higher churn leads to service gaps and emergency system strain.

Sec. 306: Repeal FMAP for Mobile Crisis Services

Bill Text: Subsection (b)(1) of section 1947 of the Social Security Act is hereby repealed... ending the enhanced 85% FMAP.

- Removes federal support for Alabama's new mobile crisis teams.
- Puts financial pressure on ADMH and CMHCs to maintain or expand teams.
- Threatens rural deployment to counties currently without coverage.

Sec. 309: Ban Emergency Medicaid for Non-Citizens

Bill Text: Medicaid shall not reimburse care to non-citizens under emergency exception provisions.

- Undocumented individuals in mental health crisis would lose ER access.
- Shifts cost burden to state and safety net clinics like WellStone.
- Impacts immigrant-heavy service areas in North Alabama.

Sec. 410: Cap on Medicaid Administrative Spending

Bill Text: Administrative costs for Medicaid shall not exceed 5 percent of total program expenditures annually.

- Curtails Alabama's ability to administer waivers, audits, and innovative models.
- Risks quality lapses, poor implementation, and reduced oversight capacity.

General Terms

- **Medicaid:** A joint federal and state program that provides health insurance to low-income individuals, including many with mental health and substance use needs.
- **FMAP (Federal Medical Assistance Percentage):** The federal government's share of Medicaid spending. States receive a higher FMAP for certain services or populations.
- **Block Grant:** A fixed amount of federal funding to states. Unlike traditional Medicaid funding, it does not grow based on need or enrollment.
- **Per Capita Cap:** A federal funding cap per enrollee. Limits Medicaid spending growth to a fixed per-person amount.
- **Eligibility:** Criteria to qualify for Medicaid (e.g., income, disability, work status).
- **Work Requirement:** Policy requiring Medicaid enrollees to prove employment, training, or volunteering to maintain coverage.
- **Administrative Costs:** Spending used to operate Medicaid (e.g., staffing, data systems).
- **Emergency Medicaid:** Coverage for undocumented immigrants in life-threatening situations.
- **1115 Waiver:** Federal permission for states to test new Medicaid models or expand services.
- **ALLHealth:** Proposed Alabama plan to use private insurance to cover people in the Medicaid coverage gap.
- **Coverage Gap:** Group earning too much for traditional Medicaid but too little for ACA subsidies — key issue in Alabama.

Mental & Behavioral Health Terms

- **CMHC (Community Mental Health Center):** Local nonprofit centers that provide community-based mental health care in partnership with ADMH.
- **Mobile Crisis Team:** Community-based teams that respond to mental health emergencies outside of hospitals or law enforcement.
- **MAT (Medication-Assisted Treatment):** Combines medications with counseling to treat substance use disorders.
- **Peer Support:** Services provided by individuals with lived experience of mental illness or addiction recovery.
- **Certified Community Behavioral Health Clinic (CCBHC):** Clinic model offering integrated behavioral health services with federal support.

Policy Acronyms & Agencies

- **ADMH:** Alabama Department of Mental Health
- **CMS:** Centers for Medicare & Medicaid Services
- **SAMHSA:** Substance Abuse and Mental Health Services Administration
- **MHPAEA:** Mental Health Parity and Addiction Equity Act
- **SAF:** Strategic Analysis Framework – NAMHC's eight-domain model
- **FMAP:** Federal Medical Assistance Percentage (general and enhanced)