



DSHS Budget

August 2025

Federal Budget Impacts to SNAP

- Increased state match requirements for SNAP based on error rates – Effective 10/1/2027
 - Maintaining the same program may cost state between \$100 - \$300 million annually
 - Additional staff time may be spent in efforts to reduce risk of errors
- Change to the cost share for administering SNAP – Effective 10/1/2026
 - Increases state match to 75% (previously 50%)
 - May cost state more than \$60 million annually
- SNAP work requirements will impact an additional 137,304 Washingtonians – Effective 7/4/2025
 - Some guidance is still pending
 - Reapplications may increase when individuals make submission errors. This increases the workload for DSHS staff who process applications.
- Slows future food benefit increases for more than 920,000 people – Effective 7/4/2025
 - If in the future the federal government revokes the 2021 Thrifty Food Plan, Washingtonians could expect to see a reduction to their food benefits by approximately \$56 per month on average

Federal Budget Impacts to SNAP Continued

- Limits SNAP to US citizens, US Nationals, Lawful permanent residents – Effective 7/4/2025
 - Refugees and asylees are now ineligible
 - Maintaining the same program by shifting these recipients to State Food Assistance may cost the state approximately \$100 million annually
- Eliminates SNAP Nutrition Education Program – Effective 10/1/2025
 - SNAP may no longer fund 60+ local health departments and others that provide nutrition education
 - Loss of \$12 million
- Limits the impact of Low Income Home Energy Assistance (LIHEAP) Act payments in SNAP, conferring the standard utility allowance only to households with elderly or disabled members. – Effective 7/4/2025
 - This adds administrative burdens to DSHS clients and may increase state error rates

Federal Budget Impacts to Medicaid

- Adds community engagement requirements of 80 hours per month for Medicaid – Effective 12/31/2026
 - Has some categorical exemptions
- Delays Skilled Nursing Facility minimum staffing rules – Delayed until 2035
 - Implementation of these requirements were scheduled for May 2026 for non-rural facilities and May 2027 for rural facilities
- Revises Home equity limit to \$1 million regardless of inflation – Effective 1/1/2028
 - The current maximum is \$1,097,000 and has been adjusted annually for inflation
- Limits eligibility for Medicaid and CHIP to citizens, lawful permanent residents – Effective 10/1/2026
 - Impacts refugees and asylees

Federal Budget Impacts to Medicaid Continued

- Cuts Medicaid Disproportionate Share Hospital Payments – Effective 10/1/2025
 - Annual reduction of \$30 million
- Per HCA – Increases eligibility determinations to every 6 months for adults served through Medicaid expansion – Effective 12/31/2026
 - More frequent eligibility determinations will have a workload impact
- Per HCA – Shortens period of retroactive coverage from 3 months to 1 month for adults and from 3 months to 2 months for all other Medicaid applicants– Effective 1/1/2027
- Per HCA – Requires adults to pay cost-sharing of up to \$35 for many services – Effective 10/1/2028
 - Excludes primary care, behavioral health, emergency services, and services rendered in certain rural settings

Dept of Education budget proposal - Impacts on DVR

- Would reduce DVR's grant by \$6.6 million annually
 - DVR's FFY 2025 grant is \$57.5 million
- Eliminates supported employment grant
 - Approximately \$400K annually
 - This funding served 115 youth in FY 2025
- Eliminates funding for Client Assistance Program
 - Approximately \$275K annually

Some reasons to hope

The Senate Appropriations Committee passed a budget proposal on July 31 which would maintain the Vocational Rehabilitation funding at or above existing levels and:

- Provides VR grant funds with a COLA
- Funds the supported employment grant
- Funds the Client Assistance Program

State Budget Impacts - DVR

The budget implemented for the state had the following impacts:

- School to Work funding reduced \$2.4 million to align with projected spending levels
- Other DVR funding reduced \$1.7 million
- 26 positions eliminated in response to the reductions



DSHS
WASHINGTON STATE
Department of Social
and Health Services

Questions