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EXECUTIVE BRIEF

Navigating proposed Medicaid and ACA changes in the 2025 reconciliation bill

With millions at risk of losing coverage, healthcare providers' mission and margins are on the line. Technology can help safeguard both.

Executive summary

Sweeping Medicaid reforms proposed by the House Energy and Commerce Committee represent a significant and highly consequential policy shift

The Congressional Budget Office estimates that, if enacted, 13.7 million people could lose coverage by 2034,[1] creating serious downstream challenges for healthcare providers already under intense financial pressure.

This brief outlines critical proposed policy changes as of May 2025 and provides actionable strategies for building a digital safety net that protects both patient access and financial sustainability.

Technology is the most scalable, cost-effective way to stay financially viable in the face of a potential coverage crisis. It helps providers avoid impossible tradeoffs—like cutting essential services or staff—by automating support and engagement at scale.

What healthcare leaders need to know

Summary of Medicaid provisions in the proposed 2025 reconciliation bill[2]

Policy change	Description	Potential impact
Provider tax freeze **Effective:** Upon enactment*	Caps on state-directed payments for Medicaid	Real-dollar reimbursement cuts of 3-10% for hospitals, particularly impacting safety-net hospitals
Reduced retroactive coverage **Effective:** October 2026	Coverage window shrinks from up to three months to one month	Uninsured patients fully liable for their medical bills, leading to more uncompensated care and bad debt risk
Stricter eligibility reviews **Effective:** October 2027	More frequent income and residency verification	Many eligible patients at higher risk of coverage gaps, including dual eligibles who depend on Medicaid to pay for Medicare
Increased cost sharing **Effective:** October 2028	Up to $35 copays for patients just above the poverty line	Patients may delay needed care, resulting in emergency visits, poor outcomes, and uncollectible bills
Work requirements **Effective:** January 2029	Adults must prove 80+ hours/month of work to maintain coverage	More uninsured patients—especially those with unstable employment, limited digital access, or language barriers

**States may have up to three fiscal years to transition existing arrangements*

8.6M

Americans could be disenrolled from Medicaid due to administrative barriers alone, not actual ineligibility[3]

Source: Congressional Budget Office

Making matters worse: ACA subsidies are set to expire after 2025

Without the ACA enhanced subsidies, which were crucial in absorbing Medicaid disenrollments during the unwinding of pandemic protections, coverage gaps could deepen and strain providers further.[4]

Here's why:

Trigger	Without Congressional action, ACA enhanced subsidies for marketplace plans will expire after 2025
Immediate impact	Premium costs increasing by as much as 75% for low- and middle-income Americans
Potential barriers	• Families priced out of health insurance, resulting in an estimated 3.8 million people losing coverage annually 2026-2034, according to the Congressional Budget Office • Zero-premium plans disappear for near-Medicaid threshold individuals, with deductibles surging above $5,000 (especially for those on silver plans)
Coverage consequences	• Probable increase in uninsured patients seeking care, likely through the Emergency Department, where they may incur balances of hundreds, even thousands of dollars • Higher potential volume of underinsured patients struggling to afford necessary care, particularly for primary care visits, prescription drugs, or managing chronic conditions • More patients likely falling into coverage gaps where they are ineligible for Medicaid but unable to afford ACA plans, leading to care avoidance

Getting ahead of proposed Medicaid and ACA changes

How providers can leverage technology solutions to prevent and bridge coverage gaps

Current trends are unsustainable: more patients will need help navigating coverage options—especially as Medicaid re-enrollment becomes more complex—while providers face staffing shortages and margin pressure.

As a result, each Medicaid patient may require significantly more effort to stay enrolled, increasing the workload on staff without necessarily increasing reimbursement. Traditional manual approaches can't scale to meet this challenge, and adding staff isn't always financially viable or operationally feasible.

Technology is a critical second line of defense—a digital safety net that helps catch patients who would otherwise fall through cracks in manual processes.

By implementing automated solutions that complement existing boots-on-the-ground efforts, organizations can reach more patients at risk of coverage loss, not just those who happen to connect with a financial counselor.

Here are specific ways technology solutions can help:

6 in 10

American adults in households earning <$30,000 own a smartphone[5]

71%

of digitally engaged patients begin Medicaid enrollment with Cedar[6]

1. Proactive digital engagement

Challenge

The Medicaid retroactive coverage window may shrink to just one month, which leaves minimal time for manual outreach via workqueues. If missed, patients become responsible for their full balance, increasing the risk of unpaid bills and bad debt.

Strategy

Use automated digital outreach to engage patients across inpatient, outpatient, and emergency settings the moment they're identified as self-pay without insurance. Automate submission of applications directly to state Medicaid to reduce processing delays.

2. Tailoring outreach to patient needs

Challenge

Nearly 36% of the U.S. workforce—roughly 57 million people—are part of the gig economy, including contract, seasonal, and temporary workers.[7] These individuals often experience income and employment volatility, which puts them at elevated risk of falling out of compliance with proposed Medicaid work and reporting requirements.

Strategy

Establish ongoing digital communication that maintains contact with vulnerable patients between visits, automatically prompting work requirement verification rather than reactively chasing patients after coverage lapses.

3. Streamlined multi-program eligibility

Challenge

If passed, stricter eligibility and verification rules could increase coverage churn and place more administrative burden on providers. If a patient falls short of the proposed 80-hour monthly work requirement or exceeds the income threshold at the six-month eligibility check, providers may be forced to step in to connect them with alternative financial resources.

Strategy

Implement consolidated digital screening tools that simultaneously check eligibility across Medicaid, ACA plans, charity care, and other programs in a single, user-friendly interface.

4. Automated application processing

Challenge

Millions will be at risk of losing Medicaid coverage if the proposed changes take effect—not due to ineligibility—but rather cumbersome paperwork and reporting barriers.

Strategy

Simplify income and workhour reporting with digital forms, easy document upload, and automated submissions. For Medicaid re-enrollment, use dynamic, pre-filled questionnaires to reduce friction and help prevent coverage gaps before they start.

5. Intelligent financial navigation

Challenge

If the proposed Medicaid and ACA changes are enacted, many will lose coverage. Even those with marketplace plans will face high cost-sharing obligations that create affordability barriers—especially for households just above the poverty line.

Strategy

Implement a complete financial experience platform that connects patients to the right resources at the right time. Beyond coverage, easy access to health savings accounts (HSAs), payment plans, and personalized discounts helps ease patient burden while improving collections for providers.

FINANCIAL NAVIGATION IN ACTION

Organizations that take a technology-driven approach are already seeing results with Cedar:

10X
higher collection rate on uninsured balances with payment plans[8]

18%
higher collection rate on balances $2,500+ when HSA funds are shown[9]

5%
increase in total collections with personalized discounts[10]

Next steps for providers

To prepare for the potential financial and operational consequences of proposed Medicaid and ACA reforms, providers should begin with a focused, data-driven readiness assessment

Evaluate your current coverage workflows

Map how patients are currently identified, screened, and supported for Medicaid, ACA plans, and financial assistance. Identify potential failure points in screening, enrollment, and retroactive coverage capture.

Assess your tech stack for digital financial navigation

Evaluate your existing digital tools for Medicaid/ACA enrollment and financial assistance. Determine whether they support tailored screening, easy digital workflows, and streamlined applications.

Analyze projected uncompensated care exposure

Model how changes like retroactive coverage limits or work requirements will impact self-pay volumes and bad debt, based on your current payer mix and patient demographics.

Estimate administrative burden and staffing cost

Quantify how eligibility churn, increased patient outreach, and reprocessing denials may increase labor costs. Evaluate whether existing vendors are equipped to scale support or reduce workload through automation.

Identify opportunities for automation and early intervention

Pinpoint areas where technology could reduce friction for patients and staff—especially in eligibility verification, Medicaid re-enrollment, and charity care screening.

Final thought

The most valuable asset providers have is the trust they've built with their communities

If the proposed Medicaid and ACA changes are enacted, the resulting coverage crisis could undermine patients' trust in their providers.

If millions lose insurance not because they're ineligible, but because they couldn't navigate administrative hurdles, everyone in healthcare seems like part of the problem. The hospital that sent a bill the patient can't pay. The clinic that missed the window for retroactive coverage. The health system that didn't proactively offer affordable payment options.

By deploying digital safety net strategies now, providers can do more than just protect revenue—they can preserve the community trust that took decades to build. Because no one should fall through the cracks just because there weren't enough hands to catch them.

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About Cedar

Cedar helps healthcare providers connect patients with the financial resources they need to access and afford care. We combine AI-powered technology with human-centered design to create personalized financial journeys for every patient. With deep revenue cycle expertise and a focus on intuitive user experiences, Cedar has served more than 50M patients nationwide and processed over $10B in payments.

Our solutions have proven to increase collections, maximize reimbursement, and boost efficiency—all while improving patient satisfaction.

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