Persivia

Healthcare Policy Changes 2025: Impact on Payers, Providers & Patients

Executive Summary

In 2025, the federal government enacted broad, high-impact changes to U.S. health policy. More than 160 executive orders have been issued by the White House, while Congress passed the sweeping One Big Beautiful Bill Act, which restructures Medicaid for the first time in decades. These rapid developments, combined with operational disruptions from the newly formed Department of Government Efficiency (DOGE), are creating uncertainty for healthcare organizations across the nation.

These transformations stem from coordinated efforts across the Administration, HHS leadership, and CMS regulatory actions that alter Medicaid eligibility requirements, administrative processes, provider payment structures, federal-state financing mechanisms, ACA Marketplace subsidies, and Medicare Part D drug pricing. The scope extends beyond Medicaid to encompass broader healthcare infrastructure changes through the Department of Government Efficiency's operational restructuring.

This whitepaper documents the policies, and analyzes the direct and downstream impacts on payers, providers, and patients. It also delivers actionable strategies that healthcare organizations can deploy immediately to navigate these changes successfully, turning policy challenges into strategic opportunities while protecting their mission to serve patients and communities.

Persivia

Overview of the Policy Changes

The current healthcare policy environment reflects a major shift in federal priorities. Administrative velocity has accelerated dramatically, with over 160 executive orders issued since January 2025, many pausing or revising existing regulatory frameworks. This pace has strained federal agencies already dealing with staffing reductions.

DOGE's Operational Impact

The Department of Government Efficiency (DOGE) emerged from the former United States Digital Service (USDS) with a mission to modernize federal technology and maximize governmental efficiency. While DOGE aims to streamline operations, its immediate effect has been operational disruption. Staffing cuts at the Department of Health and Human Services (HHS) and Centers for Medicare & Medicaid Services (CMS) have created communication gaps just when healthcare organizations need clear guidance most urgently.

The temporary nature of DOGE's organization, scheduled to end July 4, 2026, adds another layer of uncertainty. Healthcare leaders report increased difficulty obtaining routine policy clarifications and regulatory guidance during this transition period.

Persivia

Medicaid Program Restructuring

The One Big Beautiful Bill Act introduces sweeping changes to Medicaid eligibility, benefits, and financing. Starting December 31, 2026, **adults aged 19 and older must complete at least 80 hours of monthly** work, education, or community service to maintain coverage. While states may exempt parents and guardians, this represents an optional policy choice rather than a federal mandate.

Eligibility reviews will now occur every six months instead of annually, doubling administrative workload for both states and beneficiaries. This change significantly increases the risk of coverage losses due to paperwork delays or processing errors. Additionally, new $35 copayments will apply to most non-primary care services, including many mental health treatments.

Provider payment structures undergo major revision through caps limiting Medicaid payments to Medicare rates, **with a maximum of 110% in non-expansion states**. States lose much of their ability to use provider taxes for drawing down federal matching funds, potentially undermining program sustainability in areas serving large rural or low-income populations.

The legislation also eliminates federal Medicaid funding for reproductive health services, ending payments to providers offering family planning, reproductive care, or abortion services.

Persivia

ACA Marketplace and Medicare Changes

The policy changes extend beyond Medicaid to affect the broader healthcare ecosystem. ACA Marketplace subsidies face recalibration, with tightened subsidy eligibility bands affecting middle-income enrollees. Several regions will see higher premiums as enhanced premium tax credits are rolled back or modified.

Medicare Part D drug pricing continues its multi-year evolution under the Inflation Reduction Act. CMS advances drug price negotiation cycles with negotiated **Maximum Fair Prices** taking effect between 2026 and 2028 for successive rounds of selected medications. These changes require plans and manufacturers to implement new price effectuation processes and administrative reporting systems.

HHS Organizational Restructuring

HHS reorganization efforts aim to consolidate divisions, centralize HR, IT, and procurement functions, and reduce regional offices. The Administration created a new entity, the **Administration for a Healthy America** (AHA), to coordinate cross-cutting public health and human services activities. Implementation has encountered legal challenges and litigation in several jurisdictions, creating interim injunctions that affect rollout timelines and add to operational uncertainty.

Persivia

Quantitative Effects and Projections

CBO analysis provides stark projections for these policy changes. **Federal Medicaid spending decreases by $793 billion over 10 years** with coverage losses affecting 7.8 to 10.3 million people. Work requirements alone will leave an additional 4.8 million uninsured by 2034.

The self-pay population could **increase by up to 50%,** dramatically expanding uncompensated care burdens for providers. This shift occurs just as provider payment rates face compression, creating a financial squeeze from both directions.

Administrative costs increase substantially under the new framework. Six-month redetermination cycles require doubled processing capacity, while work requirement verification demands entirely new tracking systems. These expenses occur simultaneously with reduced federal support and staffing constraints.

Persivia

Direct Impacts on Patients, Providers, and Payers

Patient Impact

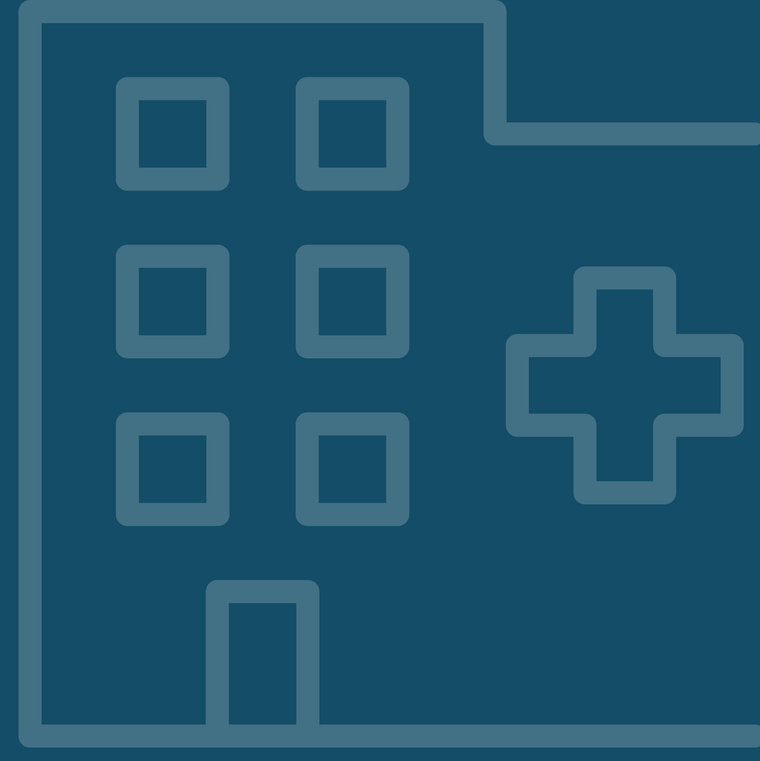
Low-income adults in Medicaid expansion states face the greatest disruption. Working families with variable employment schedules may struggle to meet 80-hour monthly requirements, particularly during seasonal employment fluctuations or temporary layoffs. Parents managing caregiving responsibilities alongside employment face additional challenges.

Legal immigrant communities experience immediate eligibility restrictions, forcing many to seek alternative coverage options or go without insurance. Individuals with chronic conditions requiring regular medical care risk coverage interruptions that could worsen health outcomes and increase long-term costs.

The $35 copayment structure affects healthcare utilization patterns. While primary care remains exempt, patients may delay specialist visits, diagnostic tests, or mental health services due to cost concerns. Emergency departments could see increased utilization as patients avoid copays for routine care.

Social determinants of health challenges such as transportation barriers, job inflexibility, and caregiving responsibilities make meeting work requirements harder, increasing the risk of coverage loss among those most in need. Health equity concerns emerge as these changes disproportionately affect low-income communities, rural areas, and racial and ethnic minorities who rely heavily on Medicaid expansion coverage.

Persivia



Provider Challenges

Safety-net hospitals will receive less money from Medicaid while treating more uninsured patients who cannot pay. Rural hospitals, which already struggle financially, face serious challenges staying open as Medicaid cuts payments and covers fewer people.

Specialty care providers experience decreased patient volume as copayments discourage referrals. Mental health and behavioral health services face pressure from both copayment requirements and potential coverage losses among vulnerable populations.

Reproductive health clinics must identify alternative funding sources as federal Medicaid payments end. This affects not only abortion services but comprehensive family planning and women's health care in many communities.

Administrative burdens increase across all provider types. Six-month eligibility cycles require more frequent verification processes, while work requirement documentation adds complexity to patient encounters. Clinical workflows must absorb additional eligibility verification steps and prior authorization friction.

Providers participating in value-based arrangements may see performance metrics degrade if patients lose coverage and fall out of care pathways. Increased no-shows and late presentations occur as patients delay care due to copays or loss of coverage.

Persivia

Payer Adjustments

Medicaid managed care organizations must recalibrate risk models as healthier adults potentially lose coverage while sicker patients remain enrolled. This adverse selection pressure occurs alongside reduced per-member payment rates.

State Medicaid agencies face operational scaling challenges, needing to double redetermination capacity while managing federal staffing reductions and guidance delays. Administrative costs increase just as federal support decreases.

Commercial insurance plans may see enrollment increases as some individuals lose Medicaid eligibility, but many newly uninsured lack resources for premium payments. Risk pools shift as enrollment patterns change across Medicaid, Marketplace, and commercial coverage.

Plans must invest in systems to track member work activities, collect copays, and handle appeals and exemptions processing. Interoperability demands increase as CMS requires more real-time data exchange for quality measurement and risk adjustment documentation.

Quality and Star ratings face pressure as lower retention and gaps in care can harm medication adherence, HEDIS metrics, and performance scores. These metrics directly affect revenue through bonus adjustments and Medicare Advantage plan rebates.

Persivia

Strategic Recommendations

Healthcare organizations require immediate action to navigate these changes successfully. Waiting for complete policy clarity risks inadequate preparation for approaching deadlines.

For Healthcare Providers

Financial planning becomes critical as revenue streams shift. Providers should model various scenarios for Medicaid payment reductions and uncompensated care increases. Cash flow management needs adjustment for potential volume changes and payment timing modifications.

Patient navigation services require enhancement to help beneficiaries maintain eligibility through work requirements and redetermination processes. Investment in navigation staff and training programs can prevent avoidable coverage losses that ultimately become uncompensated care.

Alternative payment model exploration becomes more urgent as traditional fee-for-service Medicaid revenue decreases. Value-based contracts, bundled payments, and risk-sharing arrangements may offer more stable revenue sources.

Embedding eligibility navigators at the point of care enables screening for coverage threats and provides immediate help with documentation and appeals. Expanding financial counseling helps patients understand copay obligations and available assistance programs.

Investment in EHR-integrated workflows to capture social determinants of health and required documentation preserves risk adjustment and quality reporting revenue. Partnerships with payers on shared-risk pilots can buffer uncompensated care spikes during transition periods.

Persivia

For Health Plans

Risk assessment requires immediate updating to reflect changing enrollment patterns and member characteristics. Actuarial models must account for adverse selection as healthier adults lose coverage while higher-need patients remain enrolled.

Member retention strategies should focus on supporting beneficiaries through eligibility transitions. Proactive outreach programs, simplified reporting processes, and care coordination can help maintain coverage continuity.

Administrative efficiency improvements become essential as processing volumes increase. Investment in automation, digital interfaces, and streamlined workflows can manage six-month redetermination cycles cost-effectively.

State partnership opportunities may emerge as agencies seek support managing increased workload. Collaborative approaches to eligibility verification, member outreach, and data sharing can benefit both plans and state programs.

Plans should design proactive re-enrollment workflows with automated reminders, multi-channel outreach through SMS, calls, and community partners, and in-person assistance hubs in high-risk zip codes. Strengthening partnerships with community organizations helps members meet work and community engagement requirements through job training, transportation credits, and caregiver support.

Enhanced care management for high-risk cohorts protects outcomes and quality metrics by prioritizing medication adherence, transitional care, and behavioral health integration. Flexible benefit designs that anticipate higher point-of-care cost-sharing can include targeted premium subsidies and copay waivers for chronic disease programs.

Persivia

For State Governments

System modernization requires immediate attention to handle doubled redetermination volume and work requirement tracking. Automated eligibility verification, integrated data systems, and user-friendly interfaces can reduce administrative burden and processing errors.

Budget forecasting must account for reduced federal support alongside increased administrative costs. Contingency planning should consider various scenarios for coverage losses and provider network changes.

Federal waiver opportunities may provide flexibility in implementation approaches. States should explore options for hardship exemptions, administrative simplifications, and alternative compliance mechanisms within federal parameters.

Persivia

How Persivia CareSpace® Powers the Healthcare Ecosystem Through Policy Transitions

Healthcare organizations navigating the 2025 policy changes require data infrastructure that connects regulatory requirements to operational execution. Persivia's CareSpace® platform addresses the specific challenges facing each stakeholder group with targeted capabilities built on 15 years of healthcare industry expertise.

CareSpace® enables health plans to protect member retention and quality metrics through automated eligibility tracking, proactive workflows, and real-time work requirement compliance monitoring. Continuous monitoring of care gaps, medication adherence, and preventive services helps preserve HEDIS scores and Star ratings that directly impact plan revenue, while rules-based workflows reduce administrative burden during high-volume redetermination periods.

CareSpace® integrates directly with EHR systems to provide point-of-care eligibility screening, real-time coverage threat alerts, and comprehensive SDOH documentation that supports both quality reporting and risk adjustment. Care coordination teams receive prioritized work lists identifying patients at elevated risk of coverage loss or care disruption, enabling targeted interventions that maintain care continuity. The platform guides providers through complete clinical documentation while offering instant access to programs, reducing avoidable care delays and optimizing reimbursement in value-based arrangements.

Conclusion

The 2025 healthcare policy changes require an immediate strategic response from all stakeholders. With up to 10.3 million people potentially losing Medicaid coverage, the healthcare system's ability to adapt directly affects access to care for vulnerable populations. Success requires proactive engagement: providers must strengthen financial planning and patient support systems, health plans need updated risk models and retention strategies, and state governments require modernized systems. Healthcare leaders must act decisively despite policy uncertainty. Organizations that invest now in understanding these changes and adapting operations will navigate the transition more successfully while continuing to serve their communities effectively.

Contact Persivia to learn how CareSpace® can support your organization through this critical transition.

978-856-4600 info@persivia.com www.persivia.com PersiviaInc