



# Understanding the Federal Budget Process



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**Presented by Cathy Senderling-McDonald &  
Yasmin Peled**



## Cathy Senderling-McDonald, CEO



- 28 years experience in health & human services policy and practice
- 23 years with County Welfare Directors Association of CA
- Staffed Senate Budget Committee, Legislative Analyst's Office
- Budget, Legislative Processes and Administrative Advocacy

# JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

## Yasmin Peled, Director of California Government Affairs



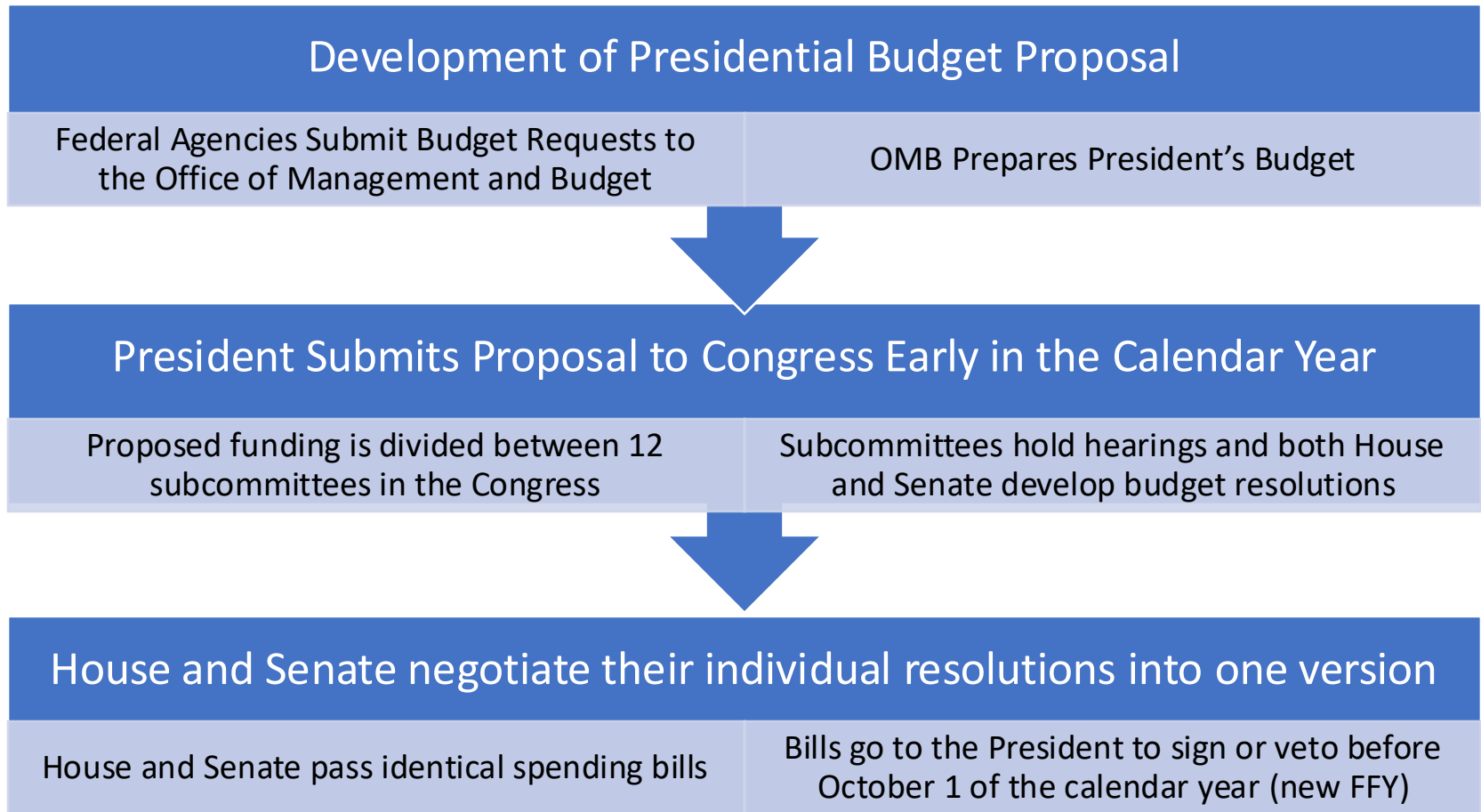
Yasmin joined Justice in Aging in 2022 to lead their California advocacy in Sacramento.

- Advances Justice in Aging's legislative and budget priorities in California related to health care, housing, economic security, and elder justice
- Coordinates Justice in Aging's engagement in California's Master Plan for Aging
- Former Senior Policy and Legislative Advocate at Health Access California, focused on health care industry regulation and cost containment

# Presentation Overview

- Federal Budget Process
  - How it Should Work vs. What Usually Happens Instead
- Budgeting in the 119<sup>th</sup> Congress
  - Continuing Resolution
  - Budget Reconciliation – Timeline, Decision Points
  - Current Status of Budget Reconciliation Bills
- Potential Medicaid/Medi-Cal Cuts
- Impacts to Adult and Aging Programs
- How to Talk About These Cuts

# Federal Budget Process: The Ideal



# Federal Budget Process: The Reality

## Development of Presidential Budget Proposal

Federal Agencies Submit Budget Requests to the Office of Management and Budget

OMB Prepares President's Budget

## President Submits Proposal to Congress Early in the Calendar Year

The President's Budget is considered DOA

House and Senate are unable to agree upon a single set of budget bills

## House and Senate negotiate a Continuing Resolution (CR)

Passing a CR keeps the government open and running for some period of time

CRs often expire after a relatively short period of time, requiring more CRs



# Budgeting in the 119<sup>th</sup> Congress

# Continuing Resolution

- Budget authorization was due to expire March 14
  - House passed CR on Tuesday, March 11 (217-213)
  - Senate passed same CR on Friday, March 14 (54-46)
  - President signed the CR on Saturday, March 15
- CR extends most funding levels until September 30
  - Increases defense spending, immigration enforcement
  - Includes another extension of TANF (CalWORKs)
  - Continues Medicare telehealth coverage
  - Increases Medicare payments to low-volume hospitals
  - No major cuts to safety net programs – relatively “clean”

# Not In Continuing Resolution

- Increase in Debt Ceiling
  - U.S. is likely to default on national debt between mid-July and early October without Congressional action
    - Bipartisan Policy Center prediction -- its first since January
    - Will be updated after April 15 tax receipts and when actual cuts from DOGE efforts are tabulated
  - CBO is releasing its prediction today (Wednesday)
  - Debt Ceiling could be raised in Budget Reconciliation bill or in a standalone bill.
    - Reconciliation would have to increase by a set dollar amount
    - House BR increases ceiling by \$4 trillion
    - Non-BR bill could suspend the debt limit outright
- Codification of DOGE Cuts

# Budget Reconciliation

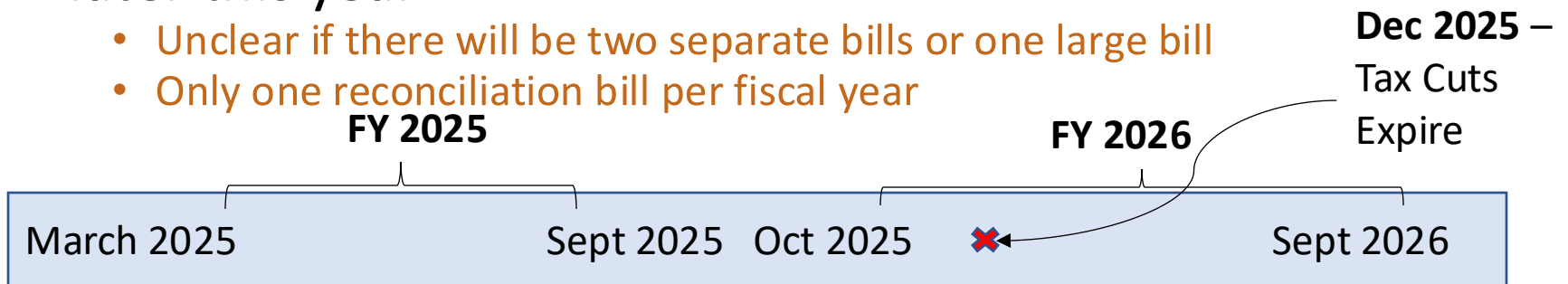
- Congress can use budget reconciliation to fast track these cuts
  - Only requires simple majority to pass the Senate to become law
- Budget reconciliation has specific requirements – most importantly that bills must relate to the budget and not add to the deficit
- Budget reconciliation was used in 2017 to pass tax cuts that expire at the end of 2025

# Process & Timing

- Budget reconciliation process for FY2025
  - House and Senate adopt FY2025 budget resolution (must be identical)
  - Committees mark up bills to achieve cut targets in resolution
  - House and Senate vote on reconciliation bill (must be identical)

- Reconciliation process could be repeated for FY2026 later this year

- Unclear if there will be two separate bills or one large bill
- Only one reconciliation bill per fiscal year



- Medicaid cuts could also be in debt ceiling and appropriations bills that need 60 votes in Senate

# Current Budget Resolution Status

- House Passed:

- One “big beautiful bill”
- Makes \$4.5 trillion in tax cuts permanent
- Directs committees to cut over 10 years:
  - *\$880 billion (Energy and Commerce – Medicaid)*
  - *\$330 billion (Education and Workforce – child care)*
  - *\$230 billion (Agriculture - SNAP/CalFresh)*

- Senate Passed:

- “Skinny” bill
- No tax cuts
- Directs committees to seek cuts of “at least” \$1 billion over 10 years in each named committee.



# Potential Cuts to Medicaid/Medi-Cal

# Medicaid's Crucial Role Nationally

- Nationally, more than 7 million seniors and 10 million people with disabilities rely on Medicaid
- 12.5 million people dually enrolled in Medicare and Medicaid
- Millions more older adults and people with disabilities and chronic conditions are insured through ACA Medicaid expansion
  - 9 million older adults ages 50 to 64
  - At least 6 million people with disabilities

# Medi-Cal's Crucial Role in CA

- More than 2.3 million older adults and people with disabilities rely on Medi-Cal in California
- California receives \$112 billion in federal Medicaid funding
- Medi-Cal covers services that Medicare doesn't
  - Dental, vision, hearing, long-term care, transportation
- 1.75 million+ dually-eligible individuals rely on Medi-Cal to pay Medicare premiums and/or out-of-pocket costs
  - Duals are very low-income individuals with high needs
  - The Medicare Savings Programs make Medicare affordable
- Over 900,000 older adults and people with disabilities receive coverage for LTSS through Medi-Cal
  - IHSS and other HCBS programs like HCBA waiver help older adults and people with disabilities live in the integrated community setting of their choice
  - Two-thirds of California's nursing facility residents are on Medi-Cal
- 267k regional center clients using DD specific HCBS waivers
  - HCBS-DD (1915c), Self Determination Program, State Plan HCBS (1915i)

# Threats to Medicaid

## **Cutting federal funding:**

1. Block Grants or Per Capita Caps
2. Cutting Federal Medical Assistance Percentage (FMAP)
3. Restricting Provider Taxes

## **Cutting enrollment or services:**

1. Work Requirements
2. Repealing regulations or minimum requirements

# What Does This Mean for California?

- If these cuts pass at the federal level, California policymakers will have to make very difficult decisions
- California cannot maintain the same level of Medi-Cal services without these significant federal resources
- Cuts will be inevitable – to eligibility and benefits
  - Home and Community Based Services like IHSS are likely to be one of the first programs to be impacted
- Everyone will feel the impact – including older adults and people with disabilities

# 'Optional' Medi-Cal Services At-Risk of Cuts

- Examples of 'optional' Medicaid services could be cut from the Medi-Cal program due to budget constraints:
  - Dental
  - Hearing
  - Vision
  - Prescription Drugs
  - Home and Community Based Services (IHSS, and other waiver programs such as HCBA, HCBS-DD, and SDP)
  - Physical and Occupational Therapy
  - Hospice
  - Community Supports/Enhanced Case Management
- Optional coverage expansions that could be rolled back
  - Coverage for aged & disabled up to 138% FPL
  - Coverage for immigrants

# Topline Impact on Older Adults and People with Disabilities

- All of these “reforms” are cuts to Medicaid
  - The explicit goal is to generate federal government savings to pay for tax cuts or other priorities
  - States will lose money and be forced to fill the gap by cutting benefits and/or eligibility
- There is no way to “carve out” or “shield” older adults and people with disabilities from harm
- These cuts will also impact caregivers and family members
- A cut to Medicaid is a cut to Medicare



Action re: Budget Reconciliation

# Messaging Tips

- Avoid pitting Medicaid populations against each other
  - Cuts are being framed as saving Medicaid "for those who really need it" – Medicaid is necessary for **all** populations
  - Older adults, people with disabilities, and caregivers depend on Medicaid expansion too
- Don't assume people know what Medi-Cal is or how it helps older adults and people with disabilities
- Refer to proposed “reforms” as “cuts”
  - Polling shows the public is more likely to oppose these proposals when they are described as cuts than if they are described as limits
- Make clear that older adults and people with disabilities will be hurt
  - Focus on the impact rather than the details of any proposal
  - Connect to cost-of-living pressures and affordability

# How and When to Reach Out

- Now is the time to talk to members of Congress
  - They have been on recess and in their districts
  - Hearing from constituents is influential
  - Sharing your personal stories can make a difference
- Members need to understand what is at stake
  - Most of these members are not located in California
  - See “Justice in Aging Resources” slide for more details

# General Budget Resources

- Catbird Strategies Budget Reconciliation Explainer: [Understanding Budget Reconciliation](#)
- Consortium for Constituents with Disabilities: [Fast Facts on Medicaid and Disability](#)
- KFF: [5 Key Facts about Medicaid Eligibility for Seniors and People with Disabilities](#)
- KFF: [Medicaid: What to Watch in 2025](#)
- KFF: [Medicaid HCBS and Eligibility Based on Disability or Age 65+](#)
- Georgetown Center for Children and Families: [Medicaid Coverage in Metro and Small Town/Rural Counties, 2023](#)
- The 80 Million: [Cutting Federal Medicaid Funding: 8 Key Consequences That Everyone Should be Talking About](#)
- Center on Budget and Policy Priorities (CBPP): [Medicaid Per Capita Cap Would Harm Millions of People by Forcing Deep Cuts and Shifting Costs to States](#)
- National Health Law Program (NHeLP): [Medicaid Defense Resources & Analysis](#)
- National Health Law Program (NHeLP): [The 2024 Medicaid Eligibility & Enrollment Rule Saves State Resources](#)

# Resources

- Webinar: [Protecting Medicaid: What's At Risk for Older Adults](#)
- Fact Sheet: [Federal Cuts to Medicaid Will Harm Older Californians](#)
- Fact Sheet: [A Cut to Medicaid is a Cut to Medicare](#)
- Fact Sheet: [Medicaid Work Requirements: Red Tape That Would Cut Health Coverage for Older Adults](#)
- Fact Sheets: [Dual Eligible Landscape in Various States](#)
- [Sign on Letter to Congress](#)



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# Questions?

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