

Verlon Johnson and Cheryl Powell Discuss Medicaid Policy on the January NVHPF

On January 27, 2026, the Northern Virginia Health Policy Forum hosted *What's Next for Medicaid*. Moderated by Jim Scott, President and CEO of Applied Policy, the conversation featured Verlon Johnson, Executive Vice President and Chief Government & Corporate Affairs Officer at Acentra Health, who also serves as Chair of the Medicaid and CHIP Payment and Access Commission (MACPAC)¹, and Cheryl Powell, Vice President for Health Policy at Applied Policy.

Scott and the panelists observed that Medicaid has become a central focus of federal and state discussions about government spending. The joint federal–state program provides health coverage to roughly 71 million Americans. In addition to covering nearly half of all children nationwide, Medicaid finances roughly 40 percent of U.S. births and serves as the nation's largest payer for long-term services and supports. Because the program is jointly financed, it is also one of the largest components of state budgets and a recurring subject of federal policy debate.

Medicaid and Rural Health

Scott asked the panelists to assess the potential impacts of the [Rural Health Transformation Program](#), created under the [One Big Beautiful Bill](#).

Powell described the initiative as an opportunity for states to move beyond short-term financial relief and toward more sustained transformation in rural healthcare delivery. She said the program encourages states to work with providers, community organizations, and technology vendors to strengthen primary care, behavioral health, and workforce models that reflect the realities of rural practice.

Johnson emphasized that the program's impact will depend on how deliberately states use the flexibility it provides. While funding has been awarded to all states and will be drawn down over several years, she said the central question is whether those investments produce durable access and system stability rather than temporary relief for struggling facilities.

¹ For this session, Johnson noted that the views she expressed are her own and do not necessarily reflect the views of Acentra Health, MACPAC, or any federal agency.



Work and Community Engagement Requirements

Turning to provisions in OBBB aimed at reducing federal Medicaid spending, Scott asked the panelists to discuss what the work and community engagement requirements established under the law could mean for states, providers, and beneficiaries.

Powell explained that the requirements generally apply to non-disabled, non-elderly adults, and cautioned that the greatest risks lie in the implementation, particularly around reporting, verification, and system integration. She emphasized the need for and importance of community partnerships, since providers and community organizations will often be the ones implementing the policy and seeing the initial effects.

"I think that the real question for states isn't philosophical. It's more operational at this point," Johnson said. "How do you implement these requirements in a way that complies with federal law without increasing unnecessary coverage loss or administrative burden?"

Both panelists noted that individuals could lose coverage not because they are ineligible, but because of administrative barriers or reporting failures. Powell said providers may encounter patients who believe they are covered, only to discover gaps caused by system issues. Johnson added that states are working to balance compliance with continuity of coverage.

Looking ahead, Powell suggested that 2026 will largely be a year of planning, partnership-building, and system design, with more visible effects on providers and beneficiaries likely to emerge in 2027.

Provider Taxes and Medicaid Financing

Scott also asked the panelists about changes to Medicaid financing under the OBBB, including provisions specific to provider taxes.

Powell explained that provider taxes are one of several mechanisms states use to fund their share of Medicaid spending and draw down federal matching dollars. While these taxes must meet statutory requirements, states have historically combined them with other financing tools to maximize federal revenue.

She said the OBBB includes statutory changes designed to limit practices viewed as recycling funds to increase federal Medicaid payments beyond intended levels. Under the law, states face new limits on increasing provider taxes, tighter definitions of what qualifies as "generally redistributive," and a phased reduction in allowable tax thresholds over time.

Powell noted that even modest changes can have outsized effects, particularly for safety-net and rural providers. Johnson emphasized that provider taxes and related supplemental payments remain central to sustaining Medicaid provider networks, making careful implementation critical.

Looking Ahead

When asked to share final takeaways, Johnson said she was encouraged that Medicaid is no longer treated as an afterthought in federal health IT efforts. She added that the program's long history of adaptation shows its future is not predetermined. Powell emphasized the importance of continued engagement from providers and other stakeholders, noting that policymakers rely on operational feedback and real-world data to ensure reforms strengthen access and outcomes.

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This extract was prepared by Applied Policy®. A recording of the event is available on the [NVHPF YouTube page](#).