



Medicaid Cuts Put Care at Risk

H.R. 1 threatens NJ's direct care workforce, but policymakers can help.

On July 4, 2025, President Trump signed [H.R. 1](#) ("One Big Beautiful Bill Act") which will cut \$1 trillion from the Medicaid program. New Jersey stands to lose an estimated [\\$32 billion](#) in federal funding for NJ FamilyCare over the next ten years. This will have [far-reaching effects](#) on our direct care workforce, and the seniors and people with disabilities that they care for and support, which is why state policymakers must act now to reduce the harm of these cuts and creatively invest in a robust direct care workforce.

Who are New Jersey's direct care workers? Older adults and people with disabilities in every corner of our state rely on more than [132,000 direct care workers](#) to meet their daily needs and live healthy and fulfilling lives. The workforce includes certified homemaker-home health aides (CHHAs), certified nursing assistants (CNAs), and direct support professionals (DSPs).

Medicaid cuts will make it harder to recruit and retain the direct care workers New Jersey needs.

Direct care workers could face deteriorating working conditions, leading them to take other jobs and worsening a staffing crisis. NJ FamilyCare is the [biggest payer](#) for New Jerseyans receiving long-term services and supports. If the state responds to federal Medicaid cuts by reducing reimbursements for direct care or cutting certain services, workers will have fewer hours, health care providers will close, and workers will receive lower wages and benefits—exacerbating the field's recruitment and retention crisis. This would create even more staffing shortages with [compounding effects](#) as the remaining workers cannot accommodate an increased patient load and quality of care suffers, putting more people in the emergency room, in the hospital, and suffering from preventable issues.

Direct care workers could lose health coverage or find it unaffordable, leading them to take other jobs with better benefits. NJ FamilyCare not only supports direct care jobs, but also provides health coverage for direct care workers. Approximately [350,000 New Jerseyans](#) are likely to lose NJ FamilyCare coverage, while an estimated 454,016 will see their health insurance costs increase (an average of \$1,260 premium increase per person per year or \$4,168 for an average family of four). Since only [56% of NJ direct care workers](#) receive health insurance through their employer, H.R. 1 will mean thousands of direct care workers will lose access to health coverage, forcing them to go without health care or into other lines of work that offer health care benefits. Put differently, many of the workers who provide the hands-on care New Jerseyans rely on will not be able to access care themselves.



New Jersey's policymakers can do something.

We urge the Governor, Legislature, and Agency Officials to act now to protect direct care workers' health coverage and job quality, stabilize long-term care financing, and preserve wage, training, and staffing gains so New Jersey's direct care workforce—and the people who rely on them—are not left behind.

Invest in worker pay and provider reimbursement. The total compensation earned by direct care workers needs to be increased in order to attract and retain the high quality workforce New Jersey needs. This means setting a base wage floor (indexed to inflation) for all direct care roles and settings that is a [livable wage](#) and [competitive](#) with other jobs. In doing this, the state must also ensure the rates it pays employers are adequate to support the wages and benefits that workers need. Investments in the direct care workforce are vital not only to the health and quality of life of New Jerseyans but also to our [entire economy](#), which relies on their labor.

Protect Home and Community-Based Services. As H.R. 1 shifts the cost of providing Medicaid services from the federal government to New Jersey, optional services, such as home and community-based services (HCBS), are [at risk of being cut](#). Yet, HCBS not only allows New Jerseyans to age at home and live more independently with disabilities, they are also [cost-effective](#) when compared to required Medicaid services such as institutional care. Policymakers should not look to reduce expenses by cutting HCBS, particularly since investments in HCBS will save the state over the long-term while preserving New Jerseyans right to receive care and support in their homes.

Create a more universal training and credentialing system. Despite the similarities between different direct care roles, workers find it difficult to transition between different care settings and populations or receive the professional recognition their skills and experience deserve. Several other states have taken the lead in developing more [universal core competencies-based training](#), [portable credentials](#), and [advanced roles](#) that provide real career pathways for workers while ensuring they have the skills they need for their important work.

Build a sustainable funding mechanism for our long-term care system. With the uncertainty surrounding federal Medicaid investments, it has never been more clear how important it is to secure sustainable funding for the direct care services we know New Jerseyans will need in the years ahead. This is why Washington State developed the [WA Cares Fund](#), a long-term care social insurance program. New Jersey should study and pursue [commonsense funding options](#) for its long-term care system.

[Essential Jobs. Essential Care™ New Jersey](#) is a coalition of [90+ organizations](#) that advocate for policies that support the direct care workforce. We recognize that to ensure New Jerseyans receive the care they need, we will have to fill 227,500 direct care jobs by 2032. To meet this recruitment and retention crisis, our coalition is focused on increasing the pipeline of new workers, expanding access to quality training, and developing a more universal training and credentialing system that provides real opportunity.