Big Beautiful Bill Healthcare Impacts

HR 1 Medicaid Implementation Timeline

2025

- July 4 – Medicaid payments are prohibited to planned parenthood
- December 31 – Guidance on eligibility determinations must be out
- December 31 – Deadline for approval or denial of state applications for rural health fund (dates that applications are due from states not yet specified)

2026

- July 4 – Prohibition on payments to planned parenthood expires
- October 1 – End coverage for refugees and other legal immigrants that are not legal permanent residents
- October 1 – Provider tax freeze begins (in effect, rates are held at what they were on May 1, 2025)

2027

- January 1 – Work requirement begins (with state option to delay as far as January 1, 2029)
- January 1 – Every six-month eligibility redeterminations begin for Expansion enrollees
- January 1 – Retroactive coverage limitations begin
- January 1 – States must begin to check Death Master File for deceased enrollees
- January 1 – States must regularly obtain addresses from enrollees as part of preventing duplicate enrollment
- January 1 – 1115 waiver budget neutrality requirements begin
- January 1 – Managed care entities must begin to submit enrollee addresses to the state
- October 1 – Provider tax threshold is reduced to 5.5%

2028

- January 1 – Limitation on home equity takes effect
- January 1 – States must begin to check the Death Master File for deceased providers
- January 1 – Phase down begins for grandfathered state-directed payments
- July 1 – Option to use expanded 1915(c) waivers begins
- October 1 – Cost sharing requirements for expansion enrollees begin
- October 1 – Provider tax threshold reduced to 5%

2029

- October 1 – States must begin to submit enrollee information to HHS each month to check for duplicate enrollment
- October 1 – Begin potential restriction of federal financial participation based on payment errors
- October 1 – Provider tax threshold reduced to 4.5%

2030

- October 1 – Provider tax threshold reduced to 4% (FY31)

2031

- October 1 – Provider tax threshold reduced to 3.5% (FY32)

2034

- October 1 – Moratorium ends on rules regarding eligibility and enrollment, nursing home staffing rule ends.

Provisions Impacting Enrollees and their Coverage

Work Requirement. Beginning January 1, 2027, states will be required to implement a "community engagement" requirement for enrollees in the Expansion. Enrollees must prove that they have either: completed 80 hours of work, community service, or job training per month, or are enrolled in school at least half time. To prove work, individuals can show that they have an income of at least the Federal minimum wage times 80 hours a month, or the equivalent income in the preceding 6 months if they are a seasonal worker.

For initial enrollment, states must look back at least one month and can look back as far as three months. For continued enrollment, an individual must show that they met the community engagement requirement for one or more months (at the option of the state) since their last redetermination. (A separate section of this bill requires states to re-determine eligibility every six months, see more below).

The work requirement applies to Expansion enrollees age 19-64. Exemptions apply to people who are: enrolled in Medicare, incarcerated (and for 90 days following incarceration), pregnant or receiving postpartum coverage, an Indian (including Urban Indian and California Indian), are a caretaker of a dependent child under age 14, a veteran with a total disability rating, are "medically frail" (as defined by the Secretary but including blind or, substance use disorder, serious or complex medical condition, or other disability which significantly impairs ability to perform one or more major life activity), participate in SNAP and aren't exempt from its work requirement, or are participating in a drug or alcohol treatment program. States may request an exemption for 2027 and 2028 if they show a "good faith" effort to implement the program. States may also elect to implement the program early.

States are prohibited from using a managed care entity or other contractor that has a financial relationship with a managed care entity to help individuals complete their paperwork to show that they meet the work requirement.

The law calls on the Secretary to publish an interim final rule by June 1, 2026, meaning that the Administration will not accept public comment on a proposed rule. The legislation also includes a section exempting work requirement implementation from the Administrative Procedures Act, which limits avenues for public engagement and court challenges.

Cost Sharing. Beginning October 1, 2028, states may not implement a monthly premium but will be required to impose cost sharing on Expansion enrollees with incomes above 100% of the Federal Poverty Level (FPL). Cost sharing must be more than $0 but no more than $35, up to 5% of family income. Primary care, mental health, and substance use services are exempted, as are services at federally qualified health centers, certified behavioral health clinics, and rural

health clinics. For prescription drugs, states may not exceed what is already allowed by current law (only “nominal” for families with incomes up to 150% FPL, and 20% coinsurance for families with income greater than 150% FPL). The state may allow providers to refuse to provide services due to lack of payment.

Eligibility Redeterminations. Beginning January 1, 2027, states will be required to re-determine eligibility for Expansion enrollees every six months. This section exempts the same people exempted from the work requirement. The law calls on the Secretary to implement this provision via guidance, not rulemaking, meaning that it is not required to go out for public comment.

Retroactive Coverage. Beginning January 1, 2027, retroactive coverage will be limited to 30 days for Expansion enrollees and 60 days for other enrollees. This is down from 90 days in current law.

Biden-era Eligibility & Enrollment Rules. The legislation places a 10 year moratorium, until September 30, 2034, on implementation of two eligibility and enrollment rules, one regarding Medicaid and CHIP and the other regarding the Medicare Savings Program. Each Biden-era rule was aimed at easing and streamlining enrollment.

Coverage for Immigrants. Beginning October 1, 2026, Medicaid will no longer be available to refugees, asylees, victims of trafficking, or other people under temporary protected status. Exceptions are included for certain Cubans or Haitians or citizens of the Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau).

Long-Term Services and Supports: Home Equity. Beginning January 1, 2028, states may not allow enrollees receiving LTSS to have home equity above $1 million.

Home and Community-Based Services. Beginning on July 1, 2028, states will have the option to use 1915(c) waivers to provide home and community-based services (HCBS) to people who do not meet institutional level of care, which means that more people would potentially be eligible. Instead, the state must establish “needs based criteria” to determine eligibility. The state must show that approval of this new waiver will not increase average time on waiting lists and that per-person expenditure will be less than that provided in an institution. The section provides $50 million in FY26 and $100 million in FY27 for implementation.

Deceased Enrollees. Beginning January 1, 2027, states will be required to review the Death Master File maintained by the Social Security Administration quarterly to check for and disenroll any deceased enrollees.

Reducing Duplicate Enrollment. Beginning January 1, 2027, states must have a process to regularly obtain address information for enrollees. Beginning October 1, 2029, the state must submit to HHS each month enrollee Social Security numbers and other information as determined by the Secretary. The purpose of this section is to ensure that individuals are not enrolled in more than one state. The law lists managed care entities as sources of information on which states may rely. Beginning January 1, 2027, each managed care entity is required to transmit address information to the state.

Provisions Impacting How States Finance their Programs

Provider taxes. Beginning October 1, 2026, the law implements a freeze on the hold harmless threshold for provider taxes in non-expansion states and a phase down in expansion states. Non-expansion state tax rates are held at what they were on May 1, 2025. Expansion state provider taxes are phased down to 5.5% in FY28 then phased down by 0.5 percentage points a year until it reaches 3.5% in FY32. Taxes on nursing homes and intermediate care facility services for individuals with intellectual disabilities are exempted from the phase down but are subject to the freeze. The definition of Expansion state includes states that expand in the future.

Effective on the date of enactment, the legislation also redefines what it means for a provider tax to be "generally redistributive." The Secretary may provide for a transition period of up to three years. This will specifically affect taxes in CA, IL, OH, MA, MI, NY, and WV.

Rural Health Fund. The law provides $50 billion over five years – $10 billion for each FY26-FY30 – to support rural health care providers. States must submit an application to CMS outlining a "rural health transformation plan" on improving access, outcomes, and the capacity and stability of rural health providers and workforce. The deadline for the Secretary to approve or deny all applications is December 31, 2025.

Emergency Care for Immigrants. Beginning October 1, 2026, federal financial participation for emergency treatment for immigrants not otherwise eligible for Medicaid will no longer be covered at the enhanced FMAP, but at the FMAP for the category the immigrant would otherwise fall into, if they were eligible.

Sunsetting Expansion Incentive. Beginning in 2026, the enhanced FMAP incentive for states to newly expand their Medicaid programs will no longer exist.

1115 Budget Neutrality. Beginning January 1, 2027, there will be more strict requirements for proving budget neutrality of 1115 waivers. Specifically, the Chief Actuary of CMS must certify that the project or renewal will not increase the amount of Federal expenditures compared to what would be spent in the absence of the project.

Payment Errors. Beginning October 1, 2029, the legislation requires the Secretary to take more serious action against states that have payment errors, including withholding federal financial participation.

Provisions Impacting Providers

State Directed Payments. The law directs the HHS Secretary to revise regulations governing state directed payments (SDPs). The law does not specify a date by which these regulations should be completed. In Expansion states, SDPs will be limited to the Medicare payment rate; in non-expansion states SDPs will be limited to 110% of the Medicare rate. For payments approved by HHS as of May 1, 2025, or payments to rural hospitals, for the rating period occurring within 180 days of enactment of the law, the total amount of payments will be phased down. The phase down begins January 1, 2028, and payments are reduced by 10 percentage points each year until it reaches the amounts specified above. The limitation for expansion states applies to states that choose to expand in the future.

Reproductive Health. For one year following enactment, the legislation prohibits Medicaid payments to entities that are nonprofits, designated as an essential community provider, provide

family planning services, provide abortion, and received more than $800,000 in Medicaid payments in FY23. This section is designed to deny payments to Planned Parenthood for one year.

Deceased Providers. Starting January 1, 2028, states will be required to quarterly review the Death Master File maintained by the Social Security Administration to check for any deceased enrolled providers. States may require managed care entities to take action under this title.

Nursing Home Staffing Rule. The legislation places a 10-year moratorium, until September 30, 2034, on implementation of the Biden-era rule on nursing home staffing.