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Harmful Impacts of Proposed House Budget Bill the "One Big Beautiful Bill Act" on Medicaid, Affordable Care Act, and Medicare: Updated 11am 5/22/2025

The House Budget Bill passed by Congressional Republicans would force at least 15 million Americans to lose health care coverage, drive-up health care costs for consumers and states, and force cuts to hospitals and the health care system on which we all rely. Despite repeated public promises from President Trump and Republican lawmakers that they would not cut Medicaid, Medicare, or the Affordable Care Act, the proposal details $792 billion dollars in cuts to Medicaid—the biggest cut to the program in history, as well as $313 billion in cuts from the Affordable Care Act, and triggers congressional rules that will force another $500 billion to be cut from Medicare. The bill also allows enhanced premium tax credits to expire, which would spike premiums for working families purchasing health insurance in the marketplaces, and an array of policies that would harm health for families in other ways, including by slashing at least $250 billion in food assistance provided to low-income families through SNAP. Taken together, this Budget Reconciliation bill would jeopardize the health and financial stability of millions of American families.

Below is an overview of the major health care provisions in the Republican Budget Bill:

TERMINATE COVERAGE FOR MILLIONS of Americans, largely by forcing eligible people to drop out of coverage due to new bureaucratic burdens in enrollment paperwork.

- **Drop coverage for adults who don't fulfill bureaucratic work reporting requirements (E&C Section 44141).** Would terminate coverage for adults without dependent children (age 19-64 in the ACA Medicaid expansion) who do not regularly report on their work, school, or "community engagement" activities that total 80 hours a month, beginning December 31, 2026 or at the option of states. Those who fail to fulfill the paperwork would lose Medicaid coverage, and also be locked out from obtaining tax credits for private insurance in the marketplaces. *(Last-minute amendments by Republicans sped up the date of enactment from 2029 to 2026, which will drive faster coverage losses. States will also have much less time to set up administratively complex and costly reporting systems.)* CBO estimates this provision **would cut $279.9 billion** over 10 years, but this does not yet account for the accelerated implementation timeline.
- **Force low-income adults off coverage by requiring them to re-apply every six months; (E&C Section 44108).** Would require states to conduct costly eligibility redeterminations every 6 months (rather than once a year) for adults enrolled through

the ACA Medicaid expansion, beginning December 31, 2026—increasing paperwork requirements to kick people off coverage. *(Last-minute deals cut by Republicans sped up the date of enactment from 2027 to 2026 which will drive faster coverage losses.)* CBO estimates this provision **would cut $53.2 billion** over 10 years, but this does not yet account for the accelerated implementation timeline.

- **Roll back retroactive coverage under the Medicaid and CHIP programs; (E&C Section 44122).** Would impose additional medical bills on eligible Americans seeking care by restricting retroactive coverage from three months to one month prior to enrollment, applicable December 31, 2026. This would increase uncompensated care in clinics, hospitals, and emergency rooms, and force vulnerable people, including pregnant women and seniors, into medical debt. The impact will become more severe as state processing of new Medicaid applications result in longer wait times (past 30 days) given new enrollment rules also proposed in this bill. CBO estimates this provision **would cut $6.4 billion** over 10 years.
- **Repeal federal rules that streamlined eligibility and enrollment for the Medicare Savings Program and Medicaid/CHIP; (E&C Sections 44101, 44102).** Would make it more difficult for vulnerable seniors to receive help in managing rising Medicare costs and result in an estimated 1.26 million fewer adults and children having access to Medicaid and CHIP. CBO estimates these provisions **would cut $167.1 billion** over 10 years.
- **Make it harder to get on and stay on ACA Marketplace plans by prohibiting use of current auto enrollment and renewal procedures; (W&M Section 112201).** Would make it harder to enroll and re-enroll in plans, forcing more eligible people to fall off coverage by prohibiting passive and automatic enrollment and renewal, and restricting the use of government data sources to verify enrollment data (i.e. income, place of resident, immigration status). This bill would also prohibit the distribution of enhanced tax credits for any month in which a person had not reconciled previously received enhanced tax credits. This is in addition to codification of the Trump Administration's "Marketplace Integrity" rules (see E&C Sec. 44201 below). These bureaucratic barriers would go into effect in 2028, and potentially prevent the enrollment of many eligible Americans, threatening the sustainability of the ACA marketplace. CBO estimates this provision **would cut $36.9** over 10 years.

INCREASE THE COSTS OF HEALTH CARE for consumers and families everywhere by reducing benefits, restricting access, and directly increasing premiums and/or cost-sharing.

- **Increase costs and reduce benefits in the ACA marketplaces; (E&C Sec. 44201).** Would reduce benefits, narrow eligibility, and increase premiums and cost sharing for people who purchase health insurance through the federal or state-based Marketplaces, by

codifying most of the Trump Administration's regulatory proposals for "Marketplace Integrity" into law. This compounds the harm caused by changes in W&M Sec. 112201 above. These provisions also include specific limitations on coverage for people in need of gender affirming care and people with DACA-protected immigration status. CBO estimates this provision **would cut $101 billion** over 10 years.

- **Increase cost-sharing requirements for people enrolled in the Medicaid expansion; (E&C Sec. 44142).** Would add mandatory cost-sharing for adults with incomes over 100% of the FPL up to $35/visit or up to $1,000 for individuals making around $20,000, putting a financial barrier to care for low-income adults getting coverage through the ACA Medicaid expansion. CBO estimates this provision **would cut $13 billion** over 10 years.
- **Increase prescription drug costs by expanding Orphan Drug Exceptions in Medicare Drug Negotiation; (E&C Section 44301).** Would weaken the power of Medicare to negotiate for better prices by expanding the list of drugs exempted from negotiation to include "orphan" drugs approved to treat rare diseases or conditions. CBO estimates this provision **would cut $4.9 billion** over 10 years.
- **Eliminate premium assistance during income-based special enrollment period (SEP); (W&M Section 112202).** Marketplaces would no longer be able to establish special enrollment periods based on income in which people could sign up for plans with premium tax credits. As a result, people who lose Medicaid mid-year and don't act within a narrow time window, who experience an income decrease, or who miss the annual open enrollment period would be barred from affordability assistance for marketplace coverage until the next calendar year. CBO estimates this provision **would cut $39.7 billion** over 10 years.
- **Eliminate limits on premium assistance pay-backs due to midyear income changes; (W&M Section 112203).** Would require people with incomes less than 400% of the FPL who underestimate their annual income due to unpredictable job-based income changes (i.e. seasonal workers, contractors) to repay the total amount received in excess of advanced premium tax credits rather than repayment based on a dollar limit adjusted for their income. CBO estimates this provision **would cut $17.2 billion** over 10 years.
- **Increases premiums and cost-sharing for ACA marketplace plans; (Rules Committee, Managers Amendment).** Would increase premiums for patients through funding cost-sharing reduction payments (CSRs) to insurers that would effectively reduce federal subsidies for premiums by lowering the benchmark silver premiums used to calculate subsidy amounts. *(This provision was not included in earlier committee versions of this bill but included in last-minute amendments by Republicans in Rules Committee. No CBO score currently available.)*

FORCE CUTS TO CARE, HEALTH SERVICES AND BENEFITS by cutting core Medicaid funding to states and more.

- **Significantly restrict state use of provider taxes, a key tool for financing the state share of Medicaid; (E&C Section 44132).** Would prevent states from increasing provider taxes or expanding their provider tax base to additional health care provider categories. By freezing the ability to generate revenue to finance Medicaid coverage, even as cost pressures go up, states will ultimately be forced to cut benefits for millions of people or make major cuts in provider reimbursement rates. CBO estimates this provision **would cut $89.3 billion** over 10 years.
- **Impose new requirements on states for Medicaid provider taxes; (E&C Section 44134).** Would further jeopardize revenue for states by imposing new definitions that limit the structure of provider tax revenue under state Medicaid 1115 waivers. Many states will need to significantly restructure their current financing of Medicaid, including likely reductions. CBO estimates this provision **would cut $34.6 billion** over 10 years.
- **Restrict the use of State-Directed Payments; (E&C Section 44133).** Would limit states' ability to direct higher reimbursement for rural hospitals, clinics, and other safety-net providers, by restricting state-directed payments to 100% of the published Medicare payment rate for Medicaid expansion states, and 110% for non-Medicaid expansion states. This would hinder states' abilities to keep critical provider doors open, especially in rural communities. CBO estimates this provision **would cut $ 72.5 billion** over 10 years.
- **Threaten federal money for key services by restricting funds from Section 1115 waivers; (E&C Section 44135).** Would codify standards for budget neutrality for Medicaid 1115 waivers in statute and create a path for the HHS Secretary to redefine how states spend any savings, putting certain services provided under Medicaid waivers at risk, including public health and community supports. No CBO score currently available.
- **Undo increased FMAP for new expansion states; (E&C Section 44131).** Would sunset (on January 1, 2026) a provision from the American Rescue Plan Act that offered a 5% FMAP increase, to 95%, for 2 years to any state newly adopting Medicaid expansion. This boosted funding helped states like North Carolina expand Medicaid but would no longer be available to the 10 remaining non-expansion states. CBO estimates this provision **would cut $12.7 billion** over 10 years.
- **Reduce federal Medicaid funds for certain states that use state dollars to cover residents who are not eligible for federally-funded Medicaid due to their immigration status (E&C Section 44111).** Would deny billions of dollars to certain states, that use their own state dollars to provide health benefits or financial assistance toward the purchase of health coverage to any resident who is ineligible for federal Medicaid

due to immigration status (e.g. recent legal immigrants less than 5 years in country, undocumented immigrants) by reducing the federal match from 90% to 80% for the ACA expansion population of citizens and legal residents. CBO estimates this provision **would cut $11 billion** over 10 years.

- **Prohibit federal financial participation under Medicaid/CHIP for individuals with unverified citizenship; (E&C Section 44110).** Would force many Medicaid-eligible individuals to be caught up in paperwork and likely lose coverage, by making the Medicaid "reasonable opportunity period" (a 90-day grace period) optional rather than required for states under current law. States and providers would lose funding if care is provided during this period but not ultimately reimbursed. CBO estimates this provision **would cut $844 million** over 10 years.

ATTACKING HEALTH AND HEALTH CARE FOR SPECIFIC COMMUNITIES and vulnerable populations.

- **Restrict Medicaid funding for Planned Parenthood clinics; (E&C Section 44126).** This bill proposes to prohibit all Medicaid reimbursement for all services (for a period of 10 years) to any essential community provider primarily engaged in family planning and reproductive health, who offers abortion services and received more than $1 million in Medicaid funding in 2024--criteria designed to target Planned Parenthood specifically. CBO estimates this provision **would cut $261 million** over 10 years.
- **Further restricts federal funding for abortion services (Rules Committee, Manager's Amendment).** Would prohibit funding for ACA marketplace health plans that cover abortion services except in the cases of saving the life of a mother or as a result of rape or incest, and would eliminate people's opportunity to buy a subsidized marketplace plan in which they use their own money to pay for abortion coverage. *(This provision was not included in earlier committee versions of this bill but included in last-minute amendments by Republicans in Rules Committee. No CBO score currently available.)*
- **Prohibiting federal Medicaid and CHIP funding for gender affirming care; (E&C Section 44125).** Would prohibit Medicaid/CHIP programs from covering gender affirming treatment for all individuals including children and youth. *(Last-minute amendments by Republicans expanded this section to include all individuals, regardless of age, and not limited to minors as previously drafted.)* CBO estimates this provision would cut $830 million over 10 years.
- **Rescind Medicaid rules that keep nursing home residents safe; (E&C Section 44121).** Would stop CMS from implementing a federal rule to strengthen staffing ratio requirements for nursing homes to improve the safety and health outcomes for our nation's seniors. CBO estimates this provision **would cut $23.1 billion** over 10 years.

- **Cuts Medicare and ACA marketplace coverage for many lawfully present immigrants; (W&M 112101, 112102 and 112103).** Would significantly limit Medicare eligibility for lawfully present immigrants who otherwise meet current eligibility standards under federal law. Would also eliminate premium tax credit eligibility for recent legal immigrants, who are also not eligible for Medicaid benefits under the current "5-year bar" in federal law. Would also terminate premium tax credits to many lawfully present immigrants in the ACA marketplaces including refugees, and victims of trafficking, domestic violence and other crimes, and would prohibit lawfully present people with incomes under 100% FPL who are not eligible for Medicaid due to current federal law from being eligible for premium tax credits in the ACA marketplaces and the basic health programs. CBO estimates this provision **would cut $112.5 billion** over 10 years.