

Federal Budget Reconciliation Law Implementation Timeline for Key Medicaid, Medicare, and Marketplace Provisions

H.R. 1, the Republican-led budget reconciliation package, was signed into law on July 4, 2025. The legislation makes significant changes to Medicaid, Medicare, and Marketplace coverage laws. The timeline below lays out relevant implementation dates and deadlines for those changes in chronological order, with a key that identifies which coverage programs are impacted.

Families USA stands ready to support health care advocates in engaging with state and federal policymakers throughout this implementation timeline to reduce the harm of these looming changes.

Note: Dates are when provisions come into effect.

○ Medicaid ● Medicare ■ Marketplace

May 1, 2025 [Retroactive effective date]

- State directed payment (SDP) “grandfathering” clause effective for SDPs sought prior to this date related to inpatient hospital services, outpatient hospital services, nursing facility services, or qualified practitioner services at an academic medical center (**Section 71116**).

July 4, 2025 [Bill signed into law — provisions effective immediately]

- Moratorium on implementation of certain provisions of rule relating to eligibility and enrollment in Medicare Savings Programs (**Section 71101**).
- Moratorium on implementation of certain provisions of rule relating to Medicaid/CHIP eligibility and enrollment (**Section 71102**).
- Moratorium on rule relating to staffing standards for long-term care facilities (**Section 71111**).
- Ban on Medicaid payments for items and services provided to clinics that provide certain abortion services (**Section 71113**).
- Provider tax rates/types frozen at levels in effect on this date (**Section 71115**).

○ Medicaid ● Medicare ■ Marketplace

- State directed payment (SDP) “grandfathering” clause effective for SDPs in place as of this date related to rural hospital payments and other state directed payments (**Section 71116**).
- New requirements for provider tax waivers take effect unless the Secretary of Health and Human Services allows a transition period not to exceed 3 fiscal years. (**Section 71117**).
- Temporary payment increase under physician fee schedule (**Section 71202**).
- High-deductible plans may offer telehealth on a pre-deductible basis (retroactive to plan years beginning January 1, 2025 or later — this makes permanent a policy already in place) (**Section 71306**).

December 31, 2025 (180 days from bill enactment)

- By this date, CMS must issue guidance to states as they put in place systems to make Medicaid expansion redeterminations every six months (**Section 71107**).
- State directed payment (SDP) provisions apply to rating periods by this date (**Section 71116**).
- By this date, application period must end for states to apply for rural health transformation grants (although CMS could set a sooner application deadline) (**Section 71401**).
- *Because the bill failed to extend enhanced premium tax credits for eligible Marketplace enrollees, they are set to expire on this date.*

January 1, 2026

- Increased FMAP incentive to expand Medicaid sunsets (**Section 71114**).
- Elimination of premium tax credit eligibility for lawfully present immigrants who are ineligible for Medicaid during the first five years of their stay (**Section 71302**).
- No advance premium tax credits if failed to reconcile previous APTC for one year (**Section 71303**).
- Disallowance of premium tax credits for people who used any income-based special enrollment periods to enroll in the marketplace (**Section 71304**).
- Elimination of current limits on pay back for premium tax credits for failure to accurately estimate annual income (**Section 71305**).
- Any bronze or catastrophic plan offered on an Exchange is treated as a high-deductible plan and can be paired with health savings accounts (**Section 71307**).

○ Medicaid ● Medicare ■ Marketplace

- People in high-deductible health plans can spend up to a certain amount for direct primary care arrangement membership fees and still be eligible for health savings accounts (**Section 71308**).

June 1, 2026

- HHS Secretary must promulgate interim final rules related to “community engagement” requirements (**Section 71119**).

July 3, 2026

- Expiration of ban on Medicaid payments for items and services provided to clinics that provide certain abortion services (**Section 71113**).
- Commissioner of Social Security must complete a review of individuals entitled to Medicare benefits and determine who is ineligible due to new restrictions on Medicare eligibility for certain immigrants (**Section 71201**).

October 1, 2026

- Restricts definition of qualified immigrant for Medicaid/CHIP coverage to lawful permanent residents, Cuban and Haitian entrants, and residents of the Federated States of Micronesia and the Republic of the Marshall Islands (**Section 71109**).
- States may no longer receive an enhanced expansion FMAP for emergency services provided to immigrants who would qualify for Medicaid expansion except for their immigration status (**Section 71110**).
- Provider tax provisions are effective for fiscal years beginning on or after this date (**Section 71115**).

January 1, 2027

- By this date, states must put a process in place for regularly obtaining enrollee address information to reduce duplicate enrollment under Medicaid/CHIP (**Section 71103**).
- By this date, states must start conducting quarterly reviews of the death master file to ensure deceased individuals do not remain enrolled in Medicaid (**Section 71104**).
- On this date, states are required to redetermine Medicaid eligibility more frequently — every 6 months, rather than once a year — for individuals enrolled in the Medicaid Expansion (**Section 71107**).

○ Medicaid ● Medicare ■ Marketplace

- New restrictions on retroactive coverage become effective (**Section 71112**).
- Budget neutrality required for all section 1115 Medicaid waiver demonstrations (**Section 71118**).
- By this date, states must have a “community engagement” program in place for the Medicaid expansion population, unless states receive an exemption through December 31, 2028 or earlier. States also have the option to start their program sooner than January 1, 2027 (**Section 71119**).
- Restrictions on premium tax credits for immigrant populations other than permanent residents, Cuban and Haitian entrants, and residents of the Federated States of Micronesia and the Republic of the Marshall Islands effective and employer responsibility for coverage of other lawfully present immigrants ends (**Section 71301**).

January 4, 2027

- Medicare coverage limitations for immigrants take effect (18 months after enactment) (**Section 71201**).

October 1, 2027

- Provider tax safe harbor threshold for expansion states lowered to 5.5% (**Section 71115**).

January 1, 2028

- Requirements for additional verifications for eligibility for premium tax credits (**Section 71303**).
- State plans must conduct quarterly verification of provider death status to ensure deceased providers do not remained enrolled in Medicaid/CHIP (**Section 71105**).
- Revision of home equity limit for determining long-term care services eligibility under Medicaid program (**Section 71108**).
- Orphan drug exemptions from Inflation Reduction Act Medicare drug price negotiations (**Section 71203**).

July 1, 2028

- New 1915(c) waivers available for home- and community-based services (**Section 71121**).

○ Medicaid ● Medicare ■ Marketplace

October 1, 2028

- Provider tax safe harbor threshold for expansion states lowered to 5.0% (**Section 71115**).
- Expansion states required to have cost-sharing in place for expansion-enrolled individuals (**Section 71120**).

December 31, 2028

- Any state that received an exemption that allowed them delayed implementation of the “community engagement” program for the Medicaid expansion population must have their program started by this date (**Section 71119**).

October 1, 2029

- States must submit enrollee address information to HHS-established system as part of effort to reduce duplicate enrollment under Medicaid/CHIP (**Section 71103**).
- Provider tax safe harbor threshold for expansion states lowered to 4.5% (**Section 71115**).
- Payment reduction to states for certain erroneous excess Medicaid payments (**Section 71106**).

October 1, 2030

- Provider tax safe harbor threshold for expansion states lowered to 4.0% (**Section 71115**).

October 1, 2031

- Provider tax safe harbor threshold for expansion states lowered to 3.5% (**Section 71115**).

September 30, 2034

- Moratorium lifted for rule relating to eligibility and enrollment in Medicare Savings Programs (**Section 71101**).
- Moratorium lifted for rule relating to Medicaid/CHIP eligibility and enrollment (**Section 71102**).
- Moratorium lifted for certain provisions of rule relating to staffing standards for long-term care facilities (**Section 71111**).

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