Summary of recent laws and federal actions impacting the healthcare industry

The matrix below summarizes the key measures in the One Big Beautiful Bill Act (OBBBA), Executive Orders, judicial rulings, and other federal actions affecting the healthcare industry. Review the matrix to understand how these federal impacts might affect your organization.

Topic	Key Provisions	Impact	Important Dates
Rural Health Transformation Program	Appropriates $10 billion per fiscal year to CMS for 2026-2030 to disperse to eligible states. States selected will receive payments for all five years and will be determined by the state's rural population, the number of rural health facilities, and an analysis of the state hospitals. This information has yet to be further defined.	States must submit an application that includes a rural health transformation plan detailing how the state will improve healthcare access and outcomes, prioritize the use of new technologies, initiate collaboration between rural healthcare providers, enhance the supply of healthcare providers through economic incentives, outline strategies for the long-term financial solvency of rural hospitals, and identify risk factors for rural hospital closure. Funds can be used toward a list of criteria, such as promoting evidence-based interventions to improve prevention and chronic disease management, including technology-based solutions, paying providers for healthcare, recruiting and training rural health workforce, and other activities as designated by the Secretary. The state must also certify that no funding would be spent on intergovernmental transfer, certified public expenditure, or any other expenditure to finance the non-federal share of expenditures required under any provision of law.	States must submit an application to CMS by Dec. 31, 2025, that includes a detailed rural health transformation plan and a certification that includes specifics on the expenditures. The bill does not specify which state agency should be the applicant and custodian of these funds.

Topic	Key Provisions	Impact	Important Dates
Medicaid Work Requirements	Requires able-bodied adults aged 19-64 to work or perform other qualifying activities for a minimum of 80 hours a month to be eligible for Medicaid benefits. There are mandatory exemptions for certain individuals (e.g., pregnant women, those with serious medical conditions, tribal members, parents/caregivers of a dependent child 13 years and under or with a disability). States may issue optional hardship waivers for individuals facing short-term hardship (e.g., inpatient care, related outpatient care, natural disasters).	$200M of funding for Health and Human Services (HHS) implementation funding for states in FY 2026. States will be required to conduct a "look-back" to determine if an individual meets requirements within the three months prior to applying. States would be required to verify an individual's compliance with work requirements within one or more months of enrollment and one or more months before redetermination.	**June 1, 2026:** HHS to release interim final rule with implementation requirements. **Dec. 31, 2026 (or earlier at state option):** States must implement these requirements. However, the final bill allows the Secretary to exempt states from compliance with new requirements until Dec. 31, 2028, if they demonstrate a good faith effort toward compliance.
Medicaid Expansion	States that newly adopt Medicaid expansion will no longer have provisions for the temporary incentive increases to the Federal Medicaid Assistance Percentage (FMAP).	In addition to the federal government providing 90% federal financing for the expansion population under a state's Medicaid expansion, the American Rescue Plan Act provided states that expand Medicaid after March 2021 a temporary boost in FMAP—a two-year, five-percentage-point increase in FMAP for all non-expansion population.	Effective January 1, 2026
Medicaid Expansion	States are required to impose cost sharing of up to $35 per service on expansion adults with incomes 100-138% of the Federal Poverty Level (FPL). Maintains the previous law that out-of-pocket costs cannot exceed 5% of family income. Provides $15M in implementation funding for 2026.	Exempts primary care, mental health, and substance use disorder services, along with services provided by Federally Qualified Health Centers (FQHCs), behavioral health clinics, and rural health clinics.	Effective October 1, 2028

Topic	Key Provisions	Impact	Important Dates
Medicaid Expansion	Limits federal matching payments for Emergency Medicaid to the state's regular FMAP for individuals who would otherwise be eligible for coverage through Medicaid expansion if not for their immigration status.	Significant reduction in federal support dollars to states with large immigrant populations.	Effective October 1, 2026
Provider Taxes	Freezes provider taxes at current levels by disallowing increases in any new provider taxes or increases on current tax amounts.	Amends the hold harmless "safe harbor" threshold (so there is no guarantee that the provider will be paid back what they pay in taxes), which is currently 6%. In non-expansion states: Remains at 6%. In expansion states: Phases down hold harmless threshold from 6% to 3.5% by 0.5% annually starting in FY 2028. Long-term care facilities are exempt.	Starting FY 2028
State-Directed Payments	Institutes caps on state-directed payments for expansion states at 100% and non-expansion states at 110% of the Medicare rate.	CMS Medicaid managed care regulations govern how states may direct plan expenditures in connection with implementing delivery system and provider payment initiatives under Medicaid managed care contracts (state-directed payments). This enables a state to incentivize high-quality or access to care.	Effective January 1, 2028
Eligibility	Medicaid eligibility of qualified aliens who are humanitarian entrants (i.e., refugees, asylees, and humanitarian parolees) is cancelled.	Only non-citizens who remain eligible for Medicaid are Lawful Permanent Residents (LPR), certain Cuban/Haitian entrants, and Citizens of Freely Associated States.	Effective October 1, 2026
Eligibility	Prevent duplicate enrollments across Medicaid and CHIP by cross-checking with other state and federal data systems.	Each state plan must provide for a process to regularly obtain address information for enrolled individuals (including those enrolled in managed Medicaid programs). HHS will establish a system to prevent enrollees in multiple states that will require the use of Social Security numbers.	**Address updates:** Effective January 1, 2027 **HHS system updates:** Effective October 1, 2029

Topic	Key Provisions	Impact	Important Dates
Eligibility	Tighten eligibility redetermination rules for Medicaid expansion enrollees.	States must conduct eligibility redeterminations for Affordable Care Act (ACA) Medicaid expansion enrollees every six months, instead of annually. States must continue to conduct annual eligibility reviews for all other Medicaid enrollees. The Act appropriates $75 million in FY 2026 for implementation.	Effective January 1, 2027
Eligibility	Verify eligibility against the Social Security Administration (SSA) Death Master file.	Requires that states verify on a quarterly basis that enrollees are not listed. Requires upon initial and subsequent enrollments that providers are not listed.	**Enrollees:** Effective January 1, 2027 **Providers:** Effective January 1, 2028
Eligibility	Home equity cap will be frozen at $1 million for long-term services and supports.	The freeze will affect high-cost areas, where home values often exceed the cap, causing individuals to be ineligible for Medicaid to cover long-term care services.	Effective October 1, 2028
Eligibility	Limits retroactive coverage for up to one month for the expansion population and two months for traditional enrollees and Children's Health Insurance Program (CHIP).	Currently, states are required to provide up to three months of retroactive coverage if the applicant would have been eligible during that time.	Effective January 1, 2027
Home and Community Based Services (HCBS)	States allowed to expand home- and community-based services program eligibility criteria and waive the requirement that individuals require nursing home level of care.	Allows a greater number of individuals with less severe needs to access HCBS programs (noted that many states already face waitlists). The bill provides implementation funding, including $50M in FY 2026 and $100M in FY 2027.	Effective July 1, 2028
CMS Eligibility/ Long-Term Care Staffing Rule Delays	Moratorium on implementation of rule relating to staffing standards for long-term care facilities under the Medicare and Medicaid programs.	Ten-year moratorium on the implementation, administration, or enforcement of the final rule issued by CMS on May 10, 2024, titled "Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting" (89 Fed. Reg. 40876). The rule was aimed at creating a federal minimum staffing standard for nursing homes that participate in Medicare and Medicaid.	Prohibition on implementation, enforcement, or administration of any aspect of the staffing rule from the date of enactment of the OBBBA through September 30, 2034.

Topic	Key Provisions	Impact	Important Dates
State Overpayments	If erroneous payments for ineligible individuals or overpayments for eligible individuals exceed 3% of total payments, federal law requires CMS to recoup payments.	Beginning in 2030, the bill requires HHS to reduce federal match to states for identified improper payment errors (while also capping the amount the Secretary can waive for states demonstrating a good faith effort to rectify improper payments) and modifies the definition of improper payments to include payments where insufficient information is available to confirm eligibility.	Effective January 1, 2030
Federal Payments to Prohibited Entities	Prohibits federal payments to "prohibited entities," including Medicaid payments.	Prohibited entities, including affiliates, subsidiaries, and clinics of a prohibited entity (i.e., tax-exempt essential community providers that deliver family planning and abortion services, other than those allowable under the Hyde Amendment).	The signed law allocated implementation funding of $1 million for FY 2026, administered by CMS. This will be enacted for a one-year period.
Medicare Eligibility	Eliminates Medicare eligibility for certain immigrant types, including those with temporary protected status, refugees, and asylum seekers.	Additional uninsured patients.	Effective 18 months after enactment of the bill.
Physician Fee Schedule	Temporarily increases payment under the Medicaid physician fee schedule.	Increase of 2.5% to the fee schedule conversion factor.	January 1, 2026 - January 1, 2027
Affordable Care Act - Eligibility	Limits certain noncitizens access to ACA marketplace coverage by restricting ACA marketplace premium tax credits to lawfully present immigrants, including lawful permanent residents, Compact of Free Association migrants, and certain other immigrant types.	Additional uninsured patients.	Tax credits will end December 31, 2025.
Affordable Care Act	Does not extend enhanced advanced premium tax credits that are set to expire in 2025.	Premiums are forecast to increase by 50 - 75%, potentially making the coverage unaffordable and leaving individuals and families uninsured.	Tax credits will end December 31, 2025.

Topic	Key Provisions	Impact	Important Dates
Direct Primary Care	Clarifies that Direct Primary Care (DPC) service arrangements, which generally offer unlimited primary care in exchange for a periodic fee, are not considered health plans.	Individuals in DPCs to obtain Health Savings Accounts.	Effective January 1, 2026.
Other Federal Impacts			
Tariffs	Tariffs for medical devices, pharmaceuticals, and supplies made in Mexico, Canada, China, and other nations will increase the cost. For example, in a letter to the President, the American Hospital Association (AHA) stated that 94% of gloves and 30% of drug ingredients come from China.	Supply costs and supply chains will be impacted.	
Telehealth Services	FY 2025 Continuing Resolution (CR) indicates that Medicare will continue to cover services through 9/30/25. State-level reimbursement rules vary.	Extending flexibilities in types of care that allow for remote healthcare services.	
Health Insurance Premiums	Commercial health insurance companies are seeking double-digit increases for premiums for the upcoming year.	Could lead to increased expense for employer-sponsored healthcare and higher employee responsibility. Organizations should review their self-pay collection policies.	
Transgender Care for Youths	US Supreme Court upheld Tennessee ban on gender-affirming surgery for transgender youth.	Healthcare providers need to assess their risk tolerance as well as policies and procedures regarding providing both surgical and nonsurgical interventions for youths seeking transgender care.	
Workforce Reductions	Agencies have experienced layoffs and others are at risk for potential reductions.	Consolidation of divisions and the reduction in the number of regional offices may lead to increased case loads and affect the efficiency and effectiveness of response by agencies such as HHS, CMS, FDA, CDC, NIH, and others.	
Executive Order (EO) on Homelessness	The EO entitled *"Ending Crime and Disorder on America's Streets"* is aimed at fighting homelessness.	A shift of homeless individuals into long-term institutional settings.	

Topic	Key Provisions	Impact	Important Dates
Pharmacy Benefit Manager (PBM)/ Pharmacy Ownership	Federal court blocked an Arkansas law that called for an end to PBM vertical integration.	The law had been passed in an attempt to keep drug prices down, foster competition, and curtail the industry's growing trend of "white bagging" drugs.	
Travel Restrictions	Travel bans are creating shortages in safety-net hospitals of foreign medical residents who were scheduled to begin work on July 1.	Staffing ratios and coverage mandates may be affected based on the type of facility and reliance on foreign graduates to augment staffing.	