

## Report on Medicaid Changes in the One Big Beautiful Budget Reconciliation Bill

The One Big Beautiful Bill Act (H.R. 1, 119th Congress), signed into law on July 4, 2025, includes numerous provisions affecting Medicaid in [Sections 71001 through 71121](#).

These changes focus on eligibility, enrollment, funding mechanisms, cost-sharing, work requirements, and program integrity.

Below is a list of key Medicaid changes for the Virginia elder law attorney.

Prepared with the help of [Grok Artificial Intelligence](#) from the federal law text and with expert analyses by the Grok and your mostly human writer, the entries are basic descriptions of the changes and effective dates.

### Eligibility and Enrollment Changes

- **Work Requirements for Expansion (MAGI) Adults:** States must condition Medicaid eligibility for adults aged 19-64 in the ACA Expansion (MAGI) group on working or participating in qualifying activities for at least 80 hours per month, with exemptions for certain groups (e.g., parents, medically frail). Verification is required. Waivers are prohibited but the Secretary of HHS may exempt states demonstrating good faith efforts to comply until December 31, 2028.
  - **Effective Date:** No later than **December 31, 2026** (or earlier at **state option**).
- **More Frequent Eligibility Redeterminations:** States must conduct eligibility redeterminations every 6 months for **Medicaid Expansion (MAGI) adults** to ensure ongoing qualification.
  - **Effective Date:** For renewals scheduled on or **after December 31, 2026**.
- **Verification of Enrollee Addresses and Prevention of Dual Enrollment:** States must update enrollee addresses using reliable sources (e.g., National Change of Address Database) and share data to prevent enrollment in multiple states.
  - **Effective Date:** January 1, 2027, for address verification; October 1, 2029, for the dual-enrollment prevention system.
- **Restrictions on Immigrant Eligibility:** Narrows the definition of qualified immigrants eligible for Medicaid and CHIP, excluding many lawfully present immigrants (e.g., asylees, refugees) except for specific groups like lawful permanent residents after 5 years and certain children/pregnant individuals.
  - **Effective Date:** October 1, 2026.

- **Limits on Retroactive Coverage:** Reduces retroactive Medicaid coverage from three months to one month prior to application for Expansion (MAGI) adults and two months for traditional enrollees. This will likely harm hospitals and nursing homes more than anyone else, especially those with high otherwise uninsured populations.
  - **Effective Date:** January 1, 2027.
- **Home Equity Limit for Long-Term Care Eligibility:** Revises and freezes the home equity limit at \$1 million for determining eligibility for long-term care services, with states able to set lower limits.
  - **Effective now.**

### Funding and Payment Changes Which Can Impact Virginia's MAGI Decision.

- **Reduction in FMAP for Emergency Medicaid Services:** In Expansion (MAGI) (MAGI) states, reduces federal matching payments (FMAP) for Emergency Medicaid services from 90% to the state's regular rate, affecting services for undocumented immigrants and certain legally present individuals.
  - **Effective now.**
- **Sunset of Increased FMAP Incentive for New Expansions:** Eliminates the 2-year extra 5 percentage point FMAP incentive for states newly expanding Medicaid.
  - **Effective now.**
- **Phase-Down of Provider Taxes:** Bars new or increased provider taxes in Expansion (MAGI) states and phases down existing ones (except for certain facilities) by 0.5% annually to 3.5%.
  - **Effective Date:** October 1, 2027 (phase-down begins).
- **Freeze and Phase-Down of State Directed Payments (SDPs):** Freezes SDPs at current levels and phases them down by 10 percentage points annually, with reimbursement caps (100% of Medicare rates in Expansion (MAGI) states, 110% in non-expansion).
  - **Effective Date:** Next rating period after enactment (freeze); 2028 (phase-down).
- **Prohibition on Funding for Certain Abortion Providers:** Prohibits federal Medicaid funds to entities like Planned Parenthood that provide abortions and exceed \$800,000 in Medicaid expenditures.
  - **Effective Date:** One-year period from enactment (July 4, 2025, to July 3, 2026).

- **Budget Neutrality for Section 1115 Waivers and Demonstrations:** Codifies requirements for budget neutrality in Medicaid waivers, **limiting state flexibility for innovative programs.** This will likely limit spending increases through waivers.
- **Effective now.**

## Other Provisions

- **Moratorium on Nursing Home Staffing Standards:** Blocks implementation of the May 2024 CMS rule on long-term care facility staffing until 2034.
  - **Effective Date:** Upon enactment (July 4, 2025) to September 30, 2034.
- **New Cost-Sharing Requirements for Expansion (MAGI) Adults:** Imposes cost-sharing up to \$35 per service for Expansion (MAGI) adults with incomes 100-138% FPL, with exemptions for certain services.
  - **Effective now.**
- **New 1915(c) Waiver Option for Home- and Community-Based Services:** Introduces an option to expand access to home- and community-based services, but at cross purposes because of offsets above.
  - **Effective now.**
- **Rural Hospital Transformation Fund:** Establishes a \$50 billion fund over 5 years for rural hospitals, though overall Medicaid cuts may outweigh benefits in rural areas.
  - **Effective Date:** Fiscal years 2026-2030.

