



Webinar Summary: Medicaid Changes Under the One Big Beautiful Bill Act

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Brief Summary

This webinar breaks down the sweeping Medicaid-related provisions of the One Big Beautiful Bill Act (signed July 4, 2025). The presentation covers how Medicaid is financed, the two primary funding mechanisms now under restriction (provider taxes and state directed payments), new eligibility requirements, and the projected fiscal and enrollment consequences for states and healthcare providers through 2034. The analysis draws heavily on a recent RAND Corporation study and closes with strategic guidance for hospitals, health systems, and medical groups.

Key Themes & Takeaways

1. Medicaid at Massive Scale and Under Pressure

Medicaid covers ~71 million Americans and represents nearly \$920 billion in annual spending. Its sheer size has made it the focal point of federal budget negotiations, and the new law targets it without technically repealing the Affordable Care Act (ACA).

2. Provider Taxes Are Being Curtailed

- A moratorium on new provider taxes took effect immediately (July 4, 2025).
- The safe harbor threshold drops from 6% to 3.5% by 2032 for expansion states.
- CMS is revoking waivers in seven states, with California facing the largest impact: an estimated \$152 billion in losses over 10 years, over half the national total.

3. State Directed Payments Are Being Capped

- Payments are now capped at 100% of Medicare rates for expansion states (110% for non-expansion states), down from the commercial rate standard.

- Texas and Tennessee face the largest dollar-value reductions (~\$20B and ~\$16B respectively). Tennessee, Mississippi, and South Carolina are hardest hit in percentage terms.

4. Eligibility Restrictions Will Drive Coverage Losses

- **Work requirements** (80 hours/month starting 2027) are the single largest driver of coverage loss, projected to affect over 5 million people by 2034 when administrative barriers are factored in, based on the Arkansas precedent.
- **More frequent redeterminations** (every 6 months) are projected to reduce enrollment by an additional ~900,000.
- **Immigrant eligibility restrictions** and limits on retroactive coverage add further strain, particularly in California.

5. The Fiscal Impact Is Enormous and Uneven

- Total Medicaid budget reductions: **\$664 billion** over 2025–2034.
- Net enrollment loss: **~7.6 million people** by 2034.
- Impact varies dramatically. Florida sees less than 0.5% budget change; Arizona, Iowa, and Nevada face reductions exceeding 15%. Wyoming and South Dakota actually see net budget increases due to the Rural Health Transformation Program.

6. A Silver Lining: Rural Health Transformation Program

\$50 billion in new federal funding (2026–2030) is directed toward rural health infrastructure, workforce, and long-term care. Smaller states benefit disproportionately; up to 15% is available for direct provider payments.

7. Providers Must Adapt and Advocate

- Expect lower Medicaid payments, more uninsured patients, and heavier administrative burdens.
- Presumptive eligibility is flagged as an underutilized tool to bridge coverage gaps.
- Engagement with state Medicaid agencies and AMGA is emphasized as essential.

Overall Conclusion

The One Big Beautiful Bill Act represents one of the most significant restructurings of Medicaid financing and eligibility in decades. By targeting provider taxes, capping state

directed payments, and imposing new work and redetermination requirements, the law will reduce federal and state Medicaid spending by hundreds of billions of dollars—while stripping coverage from an estimated 7.6 million Americans by 2034. The impacts are highly state-specific, with expansion states like California, Tennessee, and New York bearing a disproportionate share of the burden. For healthcare providers, the message is clear: Lower payments and more uninsured patients are coming, and proactive engagement in state budget conversations and federal advocacy is no longer optional—it is a strategic necessity.

This summary was prepared with AI assistance and reviewed by AMGA staff.