

An Overview of the One Big Beautiful Bill Act (OBBBA) for USAging Members

On July 4, 2025, President Trump signed into law the Republicans' budget reconciliation bill, the One Big Beautiful Bill Act of 2025 (OBBBA), paving the way for the largest Medicaid and SNAP cuts in U.S. history. The effects and implications of this bill will not be seen immediately. Most Medicaid and SNAP provisions will not be effective until 2026 to 2028.

See below for a high-level overview of key provisions in the bill of interest to USAging members; *more details on these provisions as well as other provisions can be found in USAging's [reconciliation bill tracker](#) so please consult both as needed.*

Medicaid	
Work Requirements	Requires applicants and enrollees (both Medicaid and expansion) ages 19 to 64 to show that they are working, doing community service or enrolling in an educational program (or some combination of these activities) for at least 80 hours each month. Limits the parental exemption from work requirements to those with children in the home who are younger than 14 years old. Compliance is required by December 31, 2026 although states can implement sooner.
Eligibility Redetermination	On December 31, 2026, states would have to begin more frequent eligibility redeterminations, ranging from 6 to 12 months based on category of beneficiary.
Medicaid Expansion	Effective January 1, 2026, the bill eliminates the temporary financial incentive for states that newly adopt expansion.
Delayed Biden-Era Rules	Prohibits HHS from implementing, administering, or enforcing certain provisions in the Centers for Medicare & Medicaid Services (CMS) Eligibility and Enrollment final rule until October 1, 2034, and prohibits HHS from implementing, administering or enforcing the minimum staffing levels required by the CMS Nursing Home Staffing rule until October 1, 2034.

Changes to Coverage	<p>Effective January 1, 2027, reduces retroactive coverage, Medicaid coverage for qualified medical expenses incurred prior to the date of application for coverage, from 90 days to one month prior to application for coverage for expansion enrollees and two months prior to application for coverage for traditional enrollees.</p> <p>Blocks Medicaid and CHIP eligibility for immigrants who have been granted humanitarian protection in the United States, including refugees, people granted asylum, certain victims of trafficking and certain domestic violence survivors.</p>
Medicaid HCBS	<p>Allows states to establish 1915(c) HCBS waivers for people who do not need institutional care. Requires states' waiver submissions to demonstrate the new waiver will not increase the average amount of time that people who need an institutional level of care will wait for services. New waivers may not be approved until July 1, 2028.</p>
Rural Health Funding	<p>Establishes a rural health program that provides \$50 billion in grants to states for payments to rural health care providers from FY 2026 to FY 2030 that can be used for health care services, expanding the rural health workforce, providing technical or operational assistance and promoting care interventions. Effective upon enactment with funding available in FY 2026.</p> <p>40% of the \$50 billion will be distributed equally across states with approved applications, while the remaining 60% will be distributed by CMS based on the states' rural populations, the percentage of rural health facilities nationwide located in a state, and the situation of hospitals that serve a disproportionate number of low-income patients with special needs.</p>

SNAP	
Reduction of Federal Contribution to States	<p>Beginning in FY 2028, states must cover 5% of SNAP allotments. States with higher SNAP error rates, even those as low as 6%, would face increased cost-sharing requirements, up to 25%. For context, currently 44 states have error rates higher than 6%.</p>

Administrative Cost-Sharing	Increases the state share of administrative costs from 50% to 75%.
Work Requirements	Raises the age at which a caregiver of dependents is exempt from these work requirements: those with dependents age 14 and older <i>will</i> be subject to the work requirements.
Thrifty Food Plan	Limits TFP benefit reevaluations to every five years and mandates cost neutrality.
Utility Allowance	Currently, states can use a household's receipt of benefits under the Low Income Home Energy Assistance Program (LIHEAP) or other energy assistance to qualify them for the SNAP Standard Utility Allowance. This bill would cut some SNAP households' food benefits immediately upon enactment by eliminating this administrative simplification for all households that do not include an older adult or person with a disability.

Medicare	
Limiting Medicare Coverage of Certain Individuals	<p>Restricts Medicare eligibility to U.S. citizens, green card holders, certain immigrants from Cuba, Haiti and people residing under the Compacts of Free Association.</p> <p>Eliminates Medicare eligibility for people not included in the above groups, such as those with temporary protected status and refugees and asylees. Terminates Medicare benefits no later than 18 months from enactment for anyone who is currently receiving benefits, but no longer eligible under these changes.</p>
Medicare Cuts	Triggers more than \$500 billion in Medicare cuts between 2026 and 2034. According to the CBO, the bill would increase the debt over 10 years compared to current law by at least \$3.3 trillion. <i>Note:</i> Deficits are annual gaps between revenues and spending. These are then added to the overall national debt.
Medicare Savings Program	Blocks implementation of an existing CMS regulation (until 2035) that makes it easier for eligible low-income Medicare



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	beneficiaries to enroll in Medicare Savings Programs (MSPs) that lower Medicare premiums and out-of-pocket costs.
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REMINDER: More details on these provisions as well as other provisions can be found in USAging's [updated reconciliation bill tracker](#), so please consult both as needed.

For more information on these or other federal policy issues, please contact the USAging Policy Team at policy@usaging.org.