NAELA
National Academy of Elder Law Attorneys

PUBLIC POLICY EXPLAINER

What to Expect: A Timeline of the One Big Beautiful Bill Act

The One Big Beautiful Bill Act, signed into law on July 4, 2025, includes a number of provisions that will impact your clients. The timeline below notes when various provisions will take effect from the date of the bill's enactment until October 2028.

Upon Enactment (July 4, 2025)

- Places a moratorium on implementing, enforcing, or administering many provisions of the Biden-era eligibility and enrollment rules for Medicare and Medicare Savings Programs through September 30, 2034.
- Places a moratorium on implementing, enforcing, or administering the nursing home minimum staffing rule through September 30, 2034.
- Prohibits new provider taxes and increase of existing provider taxes.
- Prohibits new State-Directed Payments that exceed 100% of the Medicare payment rate (in expansion states) or 110% of the Medicare payment rate (in non-expansion states).
- Narrows the definition of "generally redistributive" to qualify for a waiver of the uniform tax requirement for Medicare provider taxes (HHS Secretary may provide a transition period up to 3 years).
- Expands work requirements as a condition of eligibility for SNAP beneficiaries ages 18 to 64 (up from 18 to 54) and caregivers with dependents ages 14 and up.*
- Limits legal immigrant eligibility for SNAP benefits to:*
  - Lawful permanent residents (green card holders)
  - Some Cuban and Haitian immigrants
  - Individuals living in the U.S. through a Compact of Free Association
- Makes permanent the reduced individual tax rates provided under the Tax Cuts and Jobs Act.
- Increases the standard deduction permanently for individual and joint filers.
- Permanently excludes from taxable income the discharge of student loans due to death or disability.

**While these SNAP provisions are theoretically already effective, states will likely need guidance or rulemaking to put them in place.*

- Expands the 529 "qualified tuition program" — which allows tax-free withdrawals to cover eligible higher education costs such as tuition, books, and room and board — to be used for additional expenses, including education-related therapies for students with disabilities, up to a $20,000 withdrawal amount cap.
- Establishes a new deduction on tips, up to a $25,000 cap, and a new deduction on overtime pay, up to a $12,500 cap (for tax years 2025 – 2028).
- Adds a $6,000 "bonus" deduction for individuals 65 and older who do not itemize and earn less than $75,000 (or $150,000 for couples) (for tax years 2025 – 2028).
- Raises the SALT limit to $40,000, with limits for individuals earning more than $250,000 or couples making more than $500,000 (for tax years 2025 – 2029).

October 1, 2025

- Begins the first year of funding for a Rural Health Transformation Program ($50 billion from FY 2026 – 2030). States submit applications for funding by December 31, 2025.

January 1, 2026

- Eliminates the 5% increase to the FMAP rate for states that newly implement the ACA Medicaid expansion.
- Triggers Medicare sequestration cuts of about $500 billion over 2026 – 2034 unless Congress intervenes.
- ABLE Account provisions:
  - Permanent extension of increased limitation on contributions to ABLE accounts
  - Permanent extension of savers credit allowed for ABLE contributions
  - Permanent extension of tax-free rollovers from qualified tuition programs to ABLE accounts

October 1, 2026

- Restricts categories of legal immigrants who are eligible for Medicaid, so that the only eligible groups are:
  - Lawful permanent residents (green card holders)
  - Some Cuban and Haitian immigrants

  - Individuals living in the U.S. through a Compact of Free Association
  - Lawfully residing children and pregnant adults in states that cover them under the existing state plan option
- Rescinds eligibility for Medicaid for all other categories of legally present immigrants.
- Reduces FMAP for emergency Medicaid costs for ineligible immigrants who would otherwise be eligible for ACA Medicaid expansion if not for their immigration status from 90% to state baseline FMAP.

January 1, 2027

- Requires states to develop a plan to "regularly" obtain address information for Medicaid recipients from "reliable data sources" to reduce duplicate enrollment.
- Requires states to check the SSA Death Master File at least quarterly, remove deceased Medicaid enrollees from their rolls, and reinstate coverage in case of errors.
- Requires states to conduct eligibility redeterminations for Medicaid every 6 months instead of every 12 months for people enrolled as part of the ACA Medicaid expansion group (CMS Administrator issues guidance no later than 180 days after July 4, 2025).
- Limits Medicaid retroactive coverage period to 1 month prior to application for the expansion population and 2 months prior to application for all other Medicaid groups.
- Puts into place work requirements as a condition of eligibility for Medicaid beneficiaries ages 19-64 who do not meet an exception.
  - States may choose to implement earlier than January 1, 2027.
  - Three months prior to implementation and "periodically" afterward, states must notify applicable individuals.
  - HHS Secretary issues interim final rulemaking implementing provisions by June 1, 2026.
  - States can apply for a good faith extension (until no later than December 31, 2028) if they experience implementation challenges, which the HHS Secretary may grant at his or her discretion. These requirements cannot be waived via Section 1115 authority.
- Codifies longstanding requirement/CMS practice that Section 1115 Medicaid demonstration projects must be budget neutral to the federal government.

- Limits Medicare eligibility for legal immigrants to include:
  - Lawful permanent residents (green card holders)
  - Some Cuban and Haitian immigrants
  - Individuals living in the U.S. through a Compact of Free Association
  - No later than July 4, 2026: The Commissioner of the Social Security Administration must complete a review of individuals to determine who is ineligible under the new limitations. Notification to those individuals must occur "as soon as practicable after such identification."
  - January 4, 2027: All those made ineligible must be disenrolled by this date.

October 1, 2027

- For existing provider taxes in expansion states: the 6% "hold harmless" threshold for most provider classes is reduced to 5.5%.
  - The threshold is further reduced by 0.5% each year until reaching 3.5% in 2032 and beyond.
  - Provider taxes for nursing homes and intermediate care facilities, and for all provider classes in non-expansion states, can remain at 6%.
- States with SNAP error payment rates above 6% will share costs with the federal government of 5% – 15% based on their error rate.

January 1, 2028

- Eliminates inflation indexing and caps home equity limits at $1 million regardless of inflation; certain agricultural lots are exempted. Prohibits states from excluding certain income or assets when determining the eligibility of an individual for a nursing home facility or long-term care services.
- For grandfathered Medicaid State-Directed Payments (those approved or with a submitted preprint by July 4, 2025) that exceed the applicable limit (100% of Medicaid payment rate for expansion states and 110% in non-expansion states), reduces the total amount of payment by 10% per year until applicable new limit is reached.

July 1, 2028

- Authorizes the HHS Secretary to approve new 1915(c) waivers that provide HCBS

to individuals who meet state-defined needs-based criteria but do not need an institutional level of care.

- States must demonstrate in their applications that the new waiver would not increase wait times for people on existing wait lists.
- Approvals will be for an initial 3-year term; states can request additional 5-year extensions.
- States can begin planning and development prior to July 1, 2028, and can receive funding to support state systems to deliver HCBS starting October 1, 2026.

October 1, 2028

- Requires states to charge between $0 – $35 for each Medicaid-covered item or service (cost sharing) for the Medicaid expansion population.
  - Exceptions for certain service and provider categories.
  - Limits aggregate cost sharing to all individuals in a family to no more than 5% of family income (state decides if that's on a monthly or quarterly basis).
  - Permits providers to condition provision of care on payment and to reduce or waive cost sharing.

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