

## Reconciliation Package: Key Health Provisions

### **Background**

On July 3, 2025, the US Congress passed HR 1 – the One Big Beautiful Bill Act, and on July 4, 2025, President Trump signed the bill into law. The package contains a number of health policy provisions that may impact the health information profession, hospitals, and health systems. Outlined below are some of the most relevant health-related provisions to the health information profession.

### **Freedom to Invest in Tomorrow's Workforce Act**

Included in the law is text from the AHIMA-endorsed "Freedom to Invest in Tomorrow's Workforce Act." This language modernizes 529 accounts, traditionally used to cover tuition expenses for college and graduate degrees, to include certification and credentialing costs as qualified expenses.

### **Telehealth**

The law reinstates and makes permanent the safe harbor for telehealth services under high-deductible health plans (HDHPs). This provision allows HDHPs to cover telehealth visits and other remote care before the plan's deductible is met.

### **Medicaid**

Issue	HR 1 Passed Provision	Timeline
<b>Provider Taxes</b>	States currently fund part of their share of Medicaid spending through taxes on healthcare providers ("provider taxes"). HR 1 prohibits states from implementing new provider taxes or from increasing existing tax rates. For states that have adopted the ACA expansion, it reduces the safe harbor limit over time from 6% of total net patient revenue to 3.5%.	Provider tax limits begin to decrease to 5.5% in fiscal year (FY) 2028 and reduce by half a percent each year until reaching 3.5% in FY 2032.
<b>Premiums and Cost Sharing</b>	Requires Medicaid expansion states to charge enrollees up to \$35 for specific services if enrollees' incomes are between 100%-138% of the federal poverty level, with exemptions for services provided by federally qualified health centers, community behavioral health clinics, rural health clinics, primary care services, and substance use disorder services.	Effective October 1, 2028
<b>Increased Eligibility Determinations</b>	States currently determine Medicaid eligibility every 12 months. HR 1 requires states to increase eligibility determinations for Medicaid expansion adults to every six months.	Effective December 31, 2026
<b>Work Requirements</b>	Current law prohibits Medicaid eligibility being conditioned on meeting work requirements. HR 1	Effective December 31, 2026

	requires states to condition Medicaid eligibility for adults ages 19-64 on working or participating in qualifying activities 80 hours per month. Exceptions are made for American Indians, parents of children ages 13 and under, medically frail individuals, caretakers of a disabled individual, veterans with total disabilities, and those who are pregnant.	
<b>Medicaid Eligibility for Immigrants</b>	HR 1 restricts definition of qualified immigrants to lawful permanent residents, Cuban and Haitian entrants, those residing under the Compact of Free Association, and lawfully residing children and pregnant adults in states that provide coverage.	Effective October 1, 2026
<b>Retroactive Coverage</b>	Currently states are required to cover Medicaid-qualified expenses incurred up to 90 days prior to application. HR 1 reduces coverage to one month prior to application for expansion enrollees and two months prior for non-expansion enrollees.	Effective January 1, 2027
<b>Eligibility and Enrollment Final Rule</b>	HR 1 prohibits implementation or enforcement of the CMS-issued Eligibility and Enrollment final rule developed to reduce barriers to enrollment in Medicare Savings Programs and streamline application and enrollment processes in Medicaid.	Effective upon enactment and extends through September 30, 2034
<b>State Directed Payments</b>	HR 1 caps payment rates for inpatient hospital and nursing facility services at 100% of the Medicare payment rate for Medicaid expansion states, and 110% for non-expansion states.	Effective upon enactment
<b>Waivers for Recouping Federal Funds for Erroneous Payments or Overpayments</b>	HR 1 reduces federal funding to states for payments made to ineligible individuals and overpayments to eligible individuals and expands the definition of improper payments to include payments where insufficient information is available to confirm eligibility.	Effective beginning in FY 2030
<b>Minimum Staffing Standards for Long-Term Care Facilities Final Rule</b>	Prohibits the implementation or enforcement of a 2024 final rule requiring long-term care facilities to meet minimum staffing levels.	Effective upon enactment and extends through September 30, 2034
<b>Provider Choice</b>	Prohibits Medicaid funds from being paid to nonprofit essential community providers that are primarily engaged in family planning services, reproductive health, and related medical care.	Effective upon enactment for the period of one year

## Medicare

Issue	HR 1 Passed Provision	Timeline
<b>Medicare Coverage Restrictions</b>	Changes eligibility for Medicare, eliminating eligibility for those with temporary protected status, refugees, and asylees.	Coverage for those currently covered but no longer eligible will have benefits terminated 18 months after enactment
<b>Physician Fee Schedule</b>	Provides temporary payment increase under the Medicare Physician Fee Schedule of 2.5%.	Effective for services furnished between January 1, 2026, and January 1, 2027
<b>Orphan Drugs</b>	Expands and clarifies the exclusion for orphan drugs under the drug price negotiation program to include drugs designated for one or more rare diseases and conditions.	Effective for drug price selection beginning in 2026 for prices available in 2028

## Affordable Care Act

Issue	HR 1 Passed Provision	Timeline
<b>Premium Tax Credit Eligibility Verification</b>	Requires pre-enrollment verification of eligibility to receive premium tax credits or cost-sharing reductions, including verification of household income, health coverage status, place of residence, family size, whether applicant is an “eligible alien,” and any other information deemed necessary.	Effective after December 31, 2027
<b>Coverage for Lawfully Present Immigrants</b>	Increases restrictions on eligibility for ACA marketplace coverage to certain lawfully present immigrants.	Effective after December 31, 2027
<b>Excess Premium Tax Credits</b>	Removes cap on repayment of excess premium tax credits based on household income.	Effective after December 31, 2025

## Provisions Not Included in Final Bill

### **Artificial Intelligence**

The provision that conditioned access to an artificial intelligence (AI) infrastructure and deployment fund on states enacting a pause on any state law or regulation limiting or restricting AI systems and models was not included in the final bill.