

TIMELINE OF HEALTHCARE CHANGES IN THE FEDERAL BUDGET LAW

Medicaid Changes

JULY 4, 2025

Effective upon enactment of the budget law, states are prohibited from establishing any new provider taxes or increasing the rates of existing provider taxes, which allow states to supplement Medicaid reimbursement rates through federal matching dollars.

DECEMBER 31, 2025

Deadline for the Centers for Medicare and Medicaid Services to approve states' applications for Rural Health Transformation Program (relief fund) allotments, which total \$50 billion. Distribution of allotments will begin in federal fiscal year 2026, which begins October 1, 2025.

JANUARY 1, 2027

Deadline for states to implement work requirements. States can seek waivers that allow flexibility and permit them to implement work requirements earlier. States can also seek extension of the deadline if they demonstrate a good faith effort toward compliance.

States must conduct eligibility redeterminations every six months for Medicaid expansion enrollees.

Retroactive coverage, previously provided for the three months prior to the application month, is limited to one month for Medicaid expansion enrollees and two months for traditional Medicaid beneficiaries.

OCTOBER 1, 2027

For Medicaid expansion states, the safe harbor threshold for provider taxes — the threshold above which provider taxes face stringent federal restrictions — is reduced from 6% by 0.5% annually until it reaches 3.5%. This provision applies to all providers except skilled nursing and intermediate care facilities.

JANUARY 1, 2028

Work requirement implementation deadline for states that have received "good faith" extensions.

OCTOBER 1, 2028

States must impose cost sharing of up to \$35 per service, with some exemptions, for Medicaid expansion enrollees with incomes of 100%-138% of the federal poverty level.

Marketplace Changes

Note: This timeline does not include additional regulatory changes to the Health Insurance Marketplace that take effect in 2025, but fall outside the scope of the budget reconciliation act.

DECEMBER 31, 2025

If Congress does not renew them, enhanced premium tax credits expire.

JANUARY 1, 2026

Beginning in 2026 and each year thereafter, people earning between 100% and 400% of the federal poverty level must repay any excess premium tax credits, as safe harbor protections — limits on repayments — will no longer apply to them.

Individual market bronze and catastrophic plans are classified as high-deductible health plans, making these plans eligible for pairing with health savings accounts.

A person who enrolls in a plan during an income-based special enrollment period — a monthly enrollment window for people with household incomes at or below 150% of the federal poverty level — is prohibited from receiving premium tax credits or cost-sharing reductions.

JANUARY 1, 2027

Subsidized marketplace coverage eligibility is eliminated for lawfully present immigrants with incomes under 100% of the federal poverty level, unless they are not eligible for the Medicaid program solely due to their immigration status.

JANUARY 1, 2028

Automatic enrollment and re-enrollment end, requiring people to actively enroll or re-enroll each year. Marketplaces are required to verify a person's eligibility before the person can receive premium tax credits.