OBBBA implementation timeline

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (OBBBA, H.R. 1) into law. The 870-page package extends the Trump 1.0 tax cuts, enacts new tax policies, and includes new policies related to energy, immigration, and defense. The act makes significant changes to the Medicaid program and the Affordable Care Act (ACA), and contains several other health-related provisions.

The chart below highlights key implementation dates for the OBBBA's major healthcare provisions.

2025

Provision	Timeline
Telehealth safe harbor for HSA-eligible HDHPs Section 71306	**January 1, 2025:** The safe harbor for first-dollar coverage of certain telehealth services for individuals with HSA-eligible HDHPs is retroactively and permanently reinstated, allowing enrollees to access certain telehealth services without having to first meet their deductible.
Allowing immediate deduction of domestic research, experimental expenditures Section 70302	**January 1, 2025:** Taxpayers may immediately deduct domestic research or experimental expenditures.
Repealing Biden-era eligibility regulations Sections 71101, 71102	**July 4, 2025:** The OBBA places a moratorium on implementation of certain of the eligibility rules' provisions until September 30, 2034.
Increasing requirements for managed care organization (MCO) taxes Section 71117	**July 4, 2025:** Provider taxes (taxes on MCOs are mostly subject to this provision) are not considered generally redistributive, and therefore are not allowed, if the tax rate is higher for Medicaid MCOs than commercial MCOs. **July 4, 2025:** CMS can enact a transition period for states with non-compliant MCO taxes, not to exceed three fiscal years.
Enacting work requirements Section 71119	**July 4, 2025:** States have the option to implement Medicaid work requirements.

Provision	Timeline
Repealing Biden-era nursing home regulation Section 71111	**July 4, 2025:** The OBBBA places a moratorium on the rule's staffing requirements until September 30, 2034.
Limiting state taxes on providers Section 71115	**July 4, 2025:** Expansion and non-expansion states must freeze provider tax rates and may not implement new provider taxes.
Prohibiting federal payments to prohibited entities Section 71113	**July 4, 2025 – July 4, 2026:** Federal Medicaid payments are prohibited for items and services provided by "prohibited entities," which include tax-exempt essential community providers that deliver family planning and abortion services and that received federal and state Medicaid reimbursements exceeding $800,000 in 2023. ***July 7, 2025, a US district court judge issued a temporary restraining order freezing the funding ban for two weeks while the case proceeds in court. The implementation of this provision is likely to be subject to litigation, which may affect its implementation timeline.*
Limiting state directed payments (SDPs) Section 71116	**July 4, 2025:** The SDP payment ceiling for any new SDPs is generally capped at 100% of the total published Medicare payment rate in expansion states and at 110% of the total published Medicare payment rate in non-expansion states. **July 4, 2025:** For any state that expands Medicaid after July 4, 2025, the SDP rate is capped at 100% Medicare. **July 4, 2025 – December 31, 2027:** Specific SDPs are grandfathered. The 10% annual reduction will not apply to: + SDPs that were approved before May 1, 2025 + Payments for rural hospitals for which written prior approval was made by date of enactment, for the rating period occurring within 180 days of the OBBBA's enactment date + Payment for a rating period for which a completed preprint was submitted to the HHS secretary before July 4, 2025
Creating rural health fund Section 71401	**October 1, 2025 – September 30, 2030:** Approved states will be eligible for allotments for each fiscal year 2026 through 2030. Approved states must submit annual reports and other certifications "at a time, and in a form and manner, specified by the Administrator." **December 31, 2025:** CMS must specify an application submission period for states to submit "a detailed rural health transformation plan." The application submission period is still to be determined but must end by December 31, 2025. The administrator must approve or deny all applications by this date.

Provision	Timeline
Sunsetting American Rescue Plan temporary FMAP increase Section 71114	**January 1, 2026:** The temporary American Rescue Plan Act FMAP increase for states that had not expanded Medicaid prior to March 11, 2021, sunsets. States currently receiving the enhanced FMAP can continue receiving it as long as they begin to use the temporary FMAP amount prior to January 1, 2026.
Updating Medicare Physician Fee Schedule conversion factor Section 71202	**January 1, 2026:** The OBBA makes a one-year 2.5% increase to the Medicare Physician Fee Schedule conversion factor for calendar year 2026.
Limiting premium tax credits for undocumented and lawfully present immigrants Sections 71301, 71302	**January 1, 2026:** Lawfully present aliens with household incomes less than 100% of FPL who are ineligible for Medicaid by reason of alien status are not eligible for premium tax credits (Section 71302).
Disallowing premium tax credit in case of certain coverage enrolled in during special enrollment periods (SEPs) Section 71304	**January 1, 2026:** Refundable tax credits will be unavailable for plans in which individuals enrolled using an Exchange's monthly SEP on the basis of the relationship of their expected household income to a percentage of the FPL (or other amount) prescribed by the HHS secretary and not in connection with the occurrence of an event or change in circumstances specified by the HHS secretary.
Eliminating limitation on recapture of advance payment of premium tax credit Section 71305	**January 1, 2026:** For individuals with household income below 400% of FPL, liability for excess advance payments of refundable tax credits will no longer be limited, so that all excess payments will be subject to recapture.
Making paid family and medical leave (PFML) credit permanent Section 70304	**January 1, 2026:** The PFML becomes permanent with some modifications, including expanding the credit for a portion of paid family leave insurance premiums, making the credit available in all states, and lowering the minimum employee work requirement from one year to six months.
Direct primary care (DPC) service arrangements Section 71308	**January 1, 2026:** DPC service arrangements that cost no more than $150 per person per month, adjusted annually for inflation, will not be treated as health plans that make individuals ineligible for health savings accounts (HSAs).
Making bronze and catastrophic plans HSA-eligible	**January 1, 2026:** Any bronze or catastrophic plan offered in the individual market on the ACA Exchange will be treated as a high-deductible health plan (HDHP), meaning enrollees will be HSA eligible.

Provision	Timeline
Section 71307	
Ensuring address and eligibility verification Sections 71103, 71106, 71107	**January 2026:** The US Department of Health and Human Services (HHS) must issue implementing guidance for Section 71107.
Expanding drugs exempt from Medicare Drug Price Negotiation Program Section 71203	**By February 1, 2026:** CMS must publish the list of drugs selected for the third round of Medicare drug price negotiations. This will be the first list of selected drugs impacted by the changes made to the orphan drug exemption.
Enacting work requirements Section 71119	**June 1, 2026:** CMS must issue an interim final rule to implement work requirements.
Increasing borrowing caps Section 81001	**July 1, 2026:** The amount of federal unsubsidized loans that a medical student may obtain in any academic year is capped at $50,000, and the maximum aggregate limit for unsubsidized loans for medical students is $200,000. Grad PLUS loans are no longer available for students beginning a graduate or professional program.
Allowing immediate deduction of domestic research, experimental expenditures Section 70302	**By July 4, 2026:** Small businesses with annual gross receipts of $31 million or less can retroactively apply for the research tax credit for expenses incurred after December 31, 2021.
Adjusting alien Medicaid eligibility Section 71109	**October 1, 2026:** States no longer have to provide coverage to applicants during the reasonable opportunity period (90 days while immigration status is verified if an individual meets all eligibility criteria). Federal matching assistance percentage (FMAP) payments will not be made to a state unless the applicant is a resident of the United States, citizen, alien lawfully permitted for permanent residence, alien who is granted the status of Cuban and Haitian entrant, or individual who lawfully resides in the United States in accordance with a Compact of Free Association referred to in Section 402(b)(2)(G) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
Limiting expansion FMAP for emergency Medicaid Section 71110	**October 1, 2026:** The FMAP for emergency services provided to certain immigrants who would qualify for Medicaid expansion if not for their immigration status cannot exceed the FMAP for those in the non-expansion Medicaid population.

2027

Provision	Timeline
Ensuring address and eligibility verification Sections 71103, 71106, 71107	**January 1, 2027:** States must verify the eligibility of enrollees in the expansion population every six months, rather than annually (Section 71107). **January 1, 2027:** States must establish processes to regularly obtain Medicaid and CHIP beneficiary address information from reliable data sources, including by requiring state Medicaid programs to collect address information provided by beneficiaries to managed care entities (Section 71103).
Ensuring deceased individuals do not remain enrolled Section 71104	**January 1, 2027:** States must review the Social Security Administration (SSA) Death Master File at least quarterly to determine if beneficiaries are deceased.
Modifying retroactive coverage during presumptive eligibility Section 71112	**January 1, 2027:** Presumptive eligibility requirements are modified. Individuals in the expansion population receive retroactive eligibility for one month, and individuals in the traditional Medicaid population receive two months of retroactive coverage.
Requiring Section 1115 waivers to be budget neutral Section 71118	**January 1, 2027:** Section 1115 waivers must be budget neutral.
Enacting work requirements Section 71119	**January 1, 2027:** States must implement work requirements for able-bodied adults in Medicaid. **January 1, 2027 – December 31, 2028:** CMS may provide states with an exemption through December 31, 2028, if they make a good faith effort to implement work requirements but are facing barriers.
Limiting premium tax credits for undocumented and lawfully present immigrants Sections 71301, 71302	**January 1, 2027:** Refundable tax credits and basic health programs are limited to certain lawfully present aliens (aliens with permanent residence, certain aliens from the Republic of Cuba, and individuals who lawfully reside in the United States in accordance with a Compact of Free Association) (Section 71301).
Limiting Medicare coverage for immigrants Section 71201	**January 4, 2027:** Those deemed ineligible (asylum recipients, refugees, and individuals with temporary protected status, including those who previously met work requirements) lose access to Medicare coverage.
Limiting state taxes on providers Section 71115	**October 1, 2027:** The hold harmless threshold (currently 6%) in expansion states will be decreased by 0.5% each fiscal year starting in FY 2028 until it reaches 3.5% in FY 2032. Expansion states must decrease existing provider taxes to be below 5.5% for FY 2028.

Provision	Timeline
Ensuring deceased providers do not remain enrolled Section 71105	**January 1, 2028:** State Medicaid programs must check, as part of the provider enrollment and reenrollment process and on a quarterly basis thereafter, the SSA Death Master File to determine whether providers are deceased and enrolled in the state's Medicaid program.
Revising home equity limit for determining long-term services and supports eligibility Section 71108	**January 1, 2028:** The federal home equity maximum limit is $1 million.
Limiting state directed payments (SDPs) Section 71116	**January 1, 2028:** The 10% annual reduction begins for all SDPs, until they reach 100% of the total published Medicare payment rate in expansion states and 110% of the total published Medicare payment rate in non-expansion states.
Expanding drugs exempt from Medicare Drug Price Negotiation Program Section 71203	**January 1, 2028:** The Medicare Drug Price Negotiation Program exemption is expanded to include prescription drugs that treat more than one rare disease, until or unless they receive an indication for a non-rare disease.
Requiring exchange verification of eligibility Section 71303	**January 1, 2028:** Consumers buying coverage on the Exchange must pre-verify their eligibility for each open enrollment period and have the Exchange clear their verifications before are eligible to receive advanced premium tax credits.
Adjusting home- and community-based services (HCBS) waivers Section 71121	**July 1, 2028:** HHS can approve state optional HCBS waivers that expand HCBS for individuals who do not meet an institutional level of care need.
Limiting state taxes on providers Section 71115	**October 1, 2028:** The hold harmless threshold (currently 6%) in expansion states will be decreased by 0.5% each fiscal year starting in FY 2028 until it reaches 3.5% in FY 2032. Expansion states must decrease existing provider taxes to be below 5% for FY 2029.
Requiring minimum cost sharing for expansion population Section 71120	**October 1, 2028:** States must enact cost sharing for individuals in the expansion population with incomes greater than 100% of the federal poverty level (FPL), with certain excluded services.

2029

Provision	Timeline
Enacting work requirements Section 71119	**January 1, 2029:** All states must implement Medicaid work requirements, and good faith exemptions end.
Limiting state taxes on providers Section 71115	**October 1, 2029:** The hold harmless threshold (currently 6%) in expansion states will be decreased by 0.5% each fiscal year starting in FY 2028 until it reaches 3.5% in FY 2032. Expansion states must decrease existing provider taxes to be below 4.5% for FY 2030.
Ensuring address and eligibility verification Sections 71103, 71106, 71107	**October 1, 2029:** HHS must establish a system to prevent individuals from being simultaneously enrolled in multiple state Medicaid programs, and states must include in their Medicaid state plans processes to prevent enrollment in multiple state Medicaid programs (Section 71103). **October 1, 2029:** The HHS secretary may waive a reduced amount of erroneous excess payments, and the definition of erroneous excess payments is expanded to include items and services furnished to individuals who are not eligible for federal reimbursement in Medicaid (Section 71106).

2030

Provision	Timeline
Limiting state taxes on providers Section 71115	**October 1, 2030:** The hold harmless threshold (currently 6%) in expansion states will be decreased by 0.5% each fiscal year starting in FY 2028 until it reaches 3.5% in FY 2032. Expansion states must decrease existing provider taxes to be below 4% for FY 2031.

2031

Provision	Timeline
Limiting state taxes on providers Section 71115	**October 1, 2031:** The hold harmless threshold (currently 6%) in expansion states will be decreased by 0.5% each fiscal year starting in FY 2028 until it reaches 3.5% in FY 2032. Expansion states must decrease existing provider taxes to be below 3.5% for FY 2032 and subsequent years.

2032

Provision	Timeline

Creating rural health fund Section 71401	**October 1, 2032:** Any unexpended or unobligated funds must be returned to the US Treasury.