

GSA Reconciliation Summary

On July 4th, President Trump signed into law H.R. 1 – the *One Big Beautiful Bill Act (OBBBA)*. The legislation is expected to mark the most sweeping package of healthcare reforms since the enactment of the Affordable Care Act (ACA) 15 years ago. The bill was finalized after months of intense negotiation within the Republican Party, with it advancing out of both chambers with a razor thin margin. Below is a variety of provisions within the OBBBA relevant to GSA's scope of work. For a comprehensive summary of all healthcare provisions in H.R. 1, please click [here](#).

Topline Takeaways

- Direct impacts on healthcare coverage from expected decreases in Medicaid and ACA enrollment which creates negative downstream challenges for patients and providers.
- Caregivers of someone with a disability are exempted from Medicaid community engagement requirements, though it may be cumbersome to obtain an exemption.
- Medicare coverage is limited to U.S. citizens and other limited non-citizen groups.
- The Medicare Physician Fee Schedule conversion factor will be temporarily increased by 2.5 percent for calendar year 2026.
- The Dependent Care Assistance Program and ABLE Accounts received increases.
- Older Adults over the age of 65 may receive an increased tax deduction subject to income.

Key Provisions Affecting GSA: Challenges

I. Medicaid Changes:

- **Overall Cuts:** \$715 billion in Medicaid funding reductions over the next 10 years, potentially resulting in approximately 13.7 million people losing health coverage.
- **Work Requirements:** New Medicaid work requirements would begin by the end of 2026. While exemptions technically exist for individuals with disabilities, confusing and burdensome paperwork processes often result in eligible individuals losing coverage.
- **Documentation Requirements:** Immediate proof of citizenship or immigration status would be required for all Medicaid recipients – raising serious barriers for many families and individuals with cognitive impairments or limited document access.
- **Eligibility Reviews:** Mandatory redeterminations every 6 months (instead of annually), significantly increasing the administrative burden on individuals and caregivers.
- **Cost-Sharing:** Introduction of fees up to \$35 per Medicaid-covered service – posing an economic barrier to care for many low-income beneficiaries.

- **Reduced Federal Funding for Certain Populations:** A 10% reduction in federal matching funds to states that provide Medicaid coverage to undocumented immigrants, which may lead to broad-based cuts affecting other services.
- **Minimum Staffing Standards for Nursing Homes:** HHS is barred from implementing this rule, which was arguably one of the most controversial rules to be produced by the Biden Administration and was reviled by the provider community.
- **Home Equity Limits for Long Term Care (LTC):** Changes the maximum home equity limit for LTC to 1 million dollars.
- **Home and Community-Based Services (HCBS):** Starting July 1, 2028, the Secretary can approve a standalone Medicaid waiver for states to provide HCBS to individuals without requiring a prior institutional level-of-care determination.

II. Affordable Care Act:

- **Affordable Premium Tax Credit Excess Payments:** Individuals who receive an advanced premium tax credit must repay the full amount of excess if they are deemed to be at or above 100 percent of the federal poverty level.

III. Medicare:

- **Limiting Medicare Coverage:** Limits Medicare coverage to U.S. citizens and other limited non-citizen groups.
- **Enrollment Final Rule - Reduces barriers to enrollment for Medicare beneficiaries in Medicare Savings Programs (MSPs):** Delays implementation of the rule, which aimed to streamline enrollment into Medicare Savings Programs for low-income beneficiaries, until 2035.
- **Physician Fee Schedule:** The Medicare Physician Fee Schedule conversion factor will be temporarily increased by 2.5 percent in calendar year 2026.
- **Rural Health Transformation Program:** Establishes a 50 billion dollar rural health fund for states with ten billion to be doled out for five years.

Key Provisions of Interest to GSA Members: Opportunities

IV. Positive Provisions:

While limited in scope, the bill includes several potentially beneficial provisions for older adults, including:

- **ABLE Account Enhancements:** Extended contribution limits, permanent Savers Credit for ABLE contributions, and permanent ability to roll unused 529 plan funds into ABLE accounts tax-free.
- **Dependent Care Assistance Program:** Increases the maximum amount under the DCAP from \$5,000 to \$7,500.
- **Tax Changes for Older Adults:**
 - Individuals aged 65 and older can claim a \$6,000 deduction if their income is \$75,000 or less.
 - Married couples (65+) filing jointly may claim up to \$12,000 if their combined income doesn't exceed \$150,000.

- The deduction phases out for incomes above these limits, disappearing entirely at \$175,000 for individuals and \$250,000 for couples.
- This bonus over-65 deduction is set to expire after 2028.

Potential Implications:

1. Reduced Federal Medicaid Funding

Caps on Medicaid growth and restrictions on state funding mechanisms could pressure states to reduce service levels and limit eligibility.

Implication: Loss of critical services such as in-home support, day programs, and residential placements.

2. Threats to Provider Tax Structures

Limits on provider taxes – a major funding tool for states – could destabilize state Medicaid budgets.

Implication: Potential drop in provider participation and quality of care.

3. Eligibility and Administrative Barriers

Increased documentation and more frequent redeterminations will create significant access barriers.

Implication: Individuals may be wrongly disenrolled or discouraged from seeking services.

4. Family Caregiver Burden

With reduced HCBS and respite options, families may be forced to take on greater caregiving responsibilities.

Implication: Risk of caregiver burnout, job loss, and long-term economic insecurity.

5. Secondary Risks to SSI and Related Programs

Although SSI is not directly changed, the Medicaid-related disruptions may cascade into eligibility and access challenges for other linked benefits.

Next Steps for GSA Members

1. Increased Demand for Appeals and Documentation Assistance:

Some aging providers will need more support contesting benefit denials and navigating complex re-verification procedures.

2. More Complex Medicaid Eligibility Determinations:

There may be need to provide more robust planning and compliance strategies to address heightened verification and work requirement standards for older adults ages 50-64.

3. Potential Reduction or Elimination of HCBS Services:

Funding shortfalls could result in cuts to waiver programs, group home funding, or personal care assistance.

4. Expanded Demand for ABLE Account Planning:

The proposed enhancements will increase the utility of ABLE accounts as a legal and financial planning tool.

5. Dependent Care Assistance Program

The proposed enhancement will increase the utility for caregivers to save for dependent older adults.

6. Tax Changes for Older Adults

The proposed changes to tax deductions for older adults will benefit them, yet half of older adults don't have taxable income and the changes end in 2028.

GSA will continue to provide members with updates, resources, and opportunities for action as the impacts of the now-passed legislation begin to manifest. This Policy Brief was prepared by Brian Lindberg, GSA Public Policy Advisor, who serves as Vice President of Health Policy at Healthsperien in Washington, D.C.