# One Big Beautiful Bill Act

**Bruce D. Greenstein**
*Secretary*

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**Seth Gold**

LOUISIANA DEPARTMENT OF HEALTH

# Agenda

- **Bill Overview** – Seth Gold
- **Impact & Challenges** – Drew Maranto
- **Opportunities** – Bruce D. Greenstein

# Overview of Changes Made by HR 1 to Medicaid at the State and Federal Level

*Seth Gold*

LOUISIANA DEPARTMENT OF HEALTH

# Reconciliation was a Federal Budget Exercise

**Year-Over-Year Changes in Medicaid Spending Applied to CBO's January 2025 Baseline**

| ($$ in billions) | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2025-2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CBO January 2025 Baseline | 656 | 695 | 738 | 767 | 803 | 837 | 871 | 910 | 948 | 986 | 8,210 |
| Change in Medicaid Spending, Enacted Bill (P.L. 119-21) | 0 | -19 | -50 | -67 | -99 | -119 | -138 | -152 | -164 | -180 | -988 |
| Adjusted Jan. 2025 Baseline | 656 | 676 | 688 | 699 | 704 | 718 | 733 | 758 | 784 | 806 | 7,222 |
| ***Medicaid spending growth*** | | ***3.1%*** | ***1.6%*** | ***1.7%*** | ***0.7%*** | ***1.9%*** | ***2.1%*** | ***3.4%*** | ***3.4%*** | ***2.8%*** | |

Average annual inflation estimate: 2.0%-2.5% per year

Delay of E&E regs begin

Community engagement requirements begin (with good faith waivers accepted); 6-month redeterminations for expansion begin

SDP cuts and provider tax safe harbor reductions begin; community engagement requirements must begin

Provider tax safe harbor reaches 3.5%; SDPs likely still declining by 10% per year

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# What Did We Do to Medicaid?

- **Eligibility reforms**
  - Tightening eligibility criteria, establishing more frequent verifications, conditioning eligibility based on compliance with community engagement requirements.
- **State financing reforms**
  - SDP reductions, provider tax limitations.
- **Program integrity reforms**
  - 1115 budget neutrality, retroactive coverage limitations, PERM recoupments.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Chapter 1. Medicaid | | | | | |
| **Subchapter A. Reducing Fraud and Improving Enrollment Processes** | | | | | | | | | | | |
| Sec. 71102 | Moratorium on Implementation of Rule Relating to Eligibility and Enrollment for Medicaid, CHIP, and the Basic Health Program | 0 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Sec. 71106 | Payment Reduction Related to Certain Erroneous Excess Payments Under Medicaid | 0 | 0 | 0 | 0 | * | 0.1 | 0.2 | * | * | 0.1 |
| Sec. 71107 | Eligibility Redeterminations | 0 | 0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Sec. 71109 | Alien Medicaid Eligibility | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Sec. 71110 | Expansion FMAP for Emergency Medicaid | 0 | * | * | * | * | * | * | * | * | * |
| **Subchapter B. Preventing Wasteful Spending** | | | | | | | | | | | |
| Sec. 71112 | Reducing State Medicaid Costs | 0 | 0 | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **Subchapter C. Stopping Abusive Finance Practices** | | | | | | | | | | | |
| Sec. 71114 | Sunsetting Increased FMAP Incentive | 0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Sec. 71115 | Provider Taxes | 0 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.8 | 0.9 | 1.0 | 1.1 |
| Sec. 71117 | Requirements Regarding Waiver of Uniform Tax Requirement for Medicaid Provider Tax | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Sec. 71118 | Requiring Budget Neutrality for Medicaid Demonstration Projects Under Section 1115 | 0 | * | * | * | * | * | * | * | * | * |
| **Subchapter D. Increasing Personal Accountability** | | | | | | | | | | | |
| Sec. 71119 | Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals | 0 | 0 | 2.2 | 3.0 | 4.7 | 5.1 | 5.2 | 5.2 | 5.3 | 5.3 |
| **Memorandum:** | | | | | | | | | | | |
| Source of the Change | | | | | | | | | | | |
| | Medicaid Policies | * | 0.8 | 3.7 | 4.5 | 6.3 | 6.8 | 7.1 | 7.2 | 7.3 | 7.5 |
| | Medicare Policies | 0 | 0 | * | * | * | * | * | * | 0.1 | 0.1 |
| | Policies Related to the Health Insurance Marketplaces | 0 | 0.5 | 1.4 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 | 2.2 | 2.1 |
| | Interactions Among Policies | 0 | * | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 |
| Total Change | | * | 1.3 | 5.2 | 6.8 | 8.6 | 9.2 | 9.5 | 9.6 | 9.8 | 10.0 |
| Share With Access to Federally Subsidized Health Insurance (Percent)[a] | | n.a. | 53 | 38 | 38 | 33 | 33 | 35 | 36 | 36 | 37 |

# OBBBA IMPLEMENTATION TIMELINE

## January 1, 2025

RETROACTIVE

**Section 71306**
Permanent extension of safe harbor for absence of deductible for telehealth services

**DATE OF ENACTMENT**

## July 4, 2025

START **Section 71101**
Moratorium on implementation of rule relating to eligibility and enrollment in Medicare Savings Programs

START **Section 71102**
Moratorium on implementation of rule relating to eligibility and enrollment for Medicaid, CHIP, and the Basic Health Program

START **Section 71111**
Moratorium on Implementation of Rule relating to staffing standard for long-term care facilities under the Medicare and Medicaid programs

**DATE OF ENACTMENT**

## July 4, 2025 cont.

**Section 71113**
Federal Payments to Prohibited Entities

**Section 71116**
State Directed Payments

START **Section 71117**
Requirements Regarding the Waiver of Uniform Tax Requirements for Medicaid Provider Tax

## December 31, 2025

NO LATER THAN **Section 71107**
Eligibility Redeterminations

APPS. DUE BY **Section 71401**
Rural Health Transformation Program

## January 1, 2026

**Section 71114**
Sunsetting the increased FMAP percentage

**Section 71202**
Temporary Payment Increase Under the Medicare Physician Fee Schedule to Account for Exceptional Circumstances

**Section 71302**
Disallowing premium tax credit during periods of Medicaid ineligibility due to alien status

**Section 71304**
Disallowing premium tax credit in case of certain coverage enrolled in during income-based special enrollment period

## January 1, 2026 cont.

**Section 71305**
Eliminating limitation on recapture of advance payment of premium tax credit

**Section 71307**
Allowance of bronze and catastrophic plans in connection with health savings accounts

**Section 71308**
Treatment of direct primary care service arrangements

**ONE YEAR SINCE ENACTMENT**

## July 4, 2026

NO LATER THAN **Section 71201**
Limiting Medicare Coverage of Certain Individuals

# OBBBA IMPLEMENTATION TIMELINE CONT.

## October 1, 2026

**Section 71103**
Reducing duplicate enrollment under the Medicaid and CHIP programs

**Section 71109**
Alien Medicaid Eligibility

**Section 71110**
Expansion FMAP for emergency Medicaid

FREEZE

**Section 71115**
Provider Taxes

## December 31, 2026

**Section 71119**
Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals

## January 1, 2027

**Section 71104**
Ensuring deceased individuals do not remain enrolled

**Section 71112**
Reducing State Medicaid Costs

**Section 71118**
Requiring Budget Neutrality for Medicaid Demonstration Projects under Section 1115

**Section 71301**
Permitting the Affordable Care Act's premium tax credit only for certain individuals

## January 1, 2028

**Section 71105**
Ensuring deceased providers do not remain enrolled

**Section 71108**
Revising home equity limit for determining eligibility for long-term care services under the Medicaid program

REDUCTION

**Section 71116**
State Directed Payments

**Section 71203**
Expanding and clarifying the exclusion for orphan drugs under the Drug Price Negotiation Program

**Section 71303**
Requiring verification of eligibility for premium tax credit

## July 1, 2028

**Section 71121**
Making Certain Adjustments to Coverage of Home or Community-Based Services Under Medicaid

3 YEARS SINCE ENACTMENT

## July 4, 2028

TRANSITION DEADLINE

**Section 71117**
Requirements Regarding the Waiver of Uniform Tax Requirements for Medicaid Provider Tax

# OBBBA IMPLEMENTATION TIMELINE CONT.

## September 30, 2028

**Section 87001**
Potential sponsor vetting for unaccompanied alien children appropriation

## October 1, 2028

DECREASE

**Section 71115**
Provider Taxes

**Section 71120**
Modifying Cost Sharing Requirements for Certain Expansion Individuals Under Medicaid Program

## October 1, 2029

NO LATER THAN

**Section 71103**
Reducing duplicate enrollment under the Medicaid and CHIP programs

**Section 71106**
Payment reduction related to certain erroneous excess payments

## October 1, 2032

FUNDS USED BY

**Section 71401**
Rural Health Transformation Program

## September 30, 2034

END

**Section 71101**
Moratorium on implementation of rule relating to eligibility and enrollment in Medicare Savings Programs

END

**Section 71102**
Moratorium on implementation of rule relating to eligibility and enrollment for Medicaid, CHIP, and the Basic Health Program

END

**Section 71111**
Moratorium on Implementation of Rule relating to staffing standard for long-term care facilities under the Medicare and Medicaid programs

# Community Engagement Requirements: What Does the Law Require?

- **States must require Medicaid expansion beneficiaries to meet community engagement requirements as a condition of eligibility.**
  - States must exempt specified populations, including “medically frail” populations.
- **States may check compliance with the requirements as frequently as they want, but they must at a minimum check a beneficiary’s compliance for the month immediately preceding their initial enrollment or redetermination.**
- **An individual is in compliance with the law if they complete 80 hours per month of work, job training, volunteering, or schooling (or a combination thereof).**
  - Alternatively, an individual is in compliance if their monthly income was 80 hours x $7.25 (federal minimum wage), or $580.

# Community Engagement Requirements: What Does the Law Not Say?

- The law requires states to “verify” compliance. It does not specify how states must do this.
- The law requires, to the extent practicable, the use of ex parte reviews to check compliance with the requirements but does not specify to what extent and what data sources must be used.
- The law requires a number of exemptions from the requirements but does not establish parameters as to how states must implement these.

# Community Engagement Requirements: What Timelines Should We Pay Attention To?

- **December 2025**
  - Initial regs and/or guidance coming on eligibility reform requirements (CE and six-month redeterminations).
- **June 2026**
  - Outstanding final regs and guidance for CE reqs due.
  - States opting for 3-month compliance reviews must begin outreach to beneficiaries.
- **October 2026**
  - States opting for one-month compliance reviews must begin outreach to beneficiaries.
- **January 2027**
  - States must begin applying CE reqs and six-month redeterminations to all new eligibility determinations and redeterminations.
- **January 2029**
  - Any temporary, outstanding good faith waivers expire.

# Community Engagement Requirements: What Do States Need to Be Doing Now?

- **Reforming eligibility systems**
- **Determining how to identify exempted individuals and how to determine beneficiary compliance**
  - Which data sources will be used for ex parte reviews?
  - What order of operations will be used to determine whether someone must comply with the requirements or if they are exempt?
  - What documentation will beneficiaries be required to provide to demonstrate compliance?
- **Engaging stakeholders**
  - What role should MCOs play?
  - What role should hospitals play?
- **Discussing nice-to-have add-on features**

# What Other Eligibility Reforms Do States Have to Implement?

- **Date of Enactment**
  - No longer subject to select provisions of the E&E rules.
- **October 1, 2026**
  - Deny eligibility to certain qualified non-citizens (refugees, asylees, parolees, TPS recipients).
- **January 1, 2027**
  - Run quarterly beneficiary data matches against the Death Master File.
  - Conduct eligibility redeterminations every six months for expansion beneficiaries.
  - CE requirements.
- **October 1, 2029**
  - Submit monthly SSNs to CMS to conduct multi-state data matching.

# What Should We Be Excited About?

- **Taxes aren’t going up**
  - Permanent TCJA tax cut extensions.
- **Generational Medicaid spending and eligibility reforms**
  - Community engagement requirements and eligibility system reforms.
- **Rural Health Transformation Program**
  - $50 billion over the next five years.
- **1915(c) Reforms**
  - Expansion of HCBS care to non-institutional populations.

# Impact & Challenges

*Drew Maranto*

# Moratorium on New or Increased Provider Taxes

- **Beginning October 1, 2026, permissible levels of provider taxes are modified based on applicable law as of May 1, 2025.**
  - States may not enact provider taxes on new provider classes after July 4, 2025, and have those taxes remain in place after October 1, 2026.
  - The hold harmless threshold for expansion states with existing provider taxes will phase down from 5.5% in FY 2028 to 3.5% in FY 2032 and beyond, or the applicable percent of net patient revenue, whichever is lower.
  - This phase-down does not apply to nursing facilities and ICF/IDDs provider taxes in expansion states.

# Changes to State-Directed Payments

- **For rating periods beginning on or after enactment date, HHS is directed to limit State Directed Payments (SDPs) from exceeding a percentage of the total published Medicare payment rate.**
  - The cap is 100% of Medicare for expansion states and 110% of Medicare for non-expansion states.
  - Certain SDPs are grandfathered, including those with written approval or good faith effort prior to May 1, 2025, those with a completed preprint submitted prior to July 4, 2025, and payments to rural hospitals.
  - Beginning with rating periods on or after January 1, 2028, existing SDPs will phase down by 10 percentage points each year until they reach the new caps.

# 1115 Budget Neutrality

- **Effective January 1, 2027, HHS must certify budget neutrality for demonstration projects under Section 1115.**
  - The Secretary can only approve or renew waivers if the chief actuary of CMS certifies that the project is not expected to increase federal expenditures compared to the amount that such expenditures would otherwise be without the waiver project.
  - This includes expenditures for services that could have been provided through the state plan or other Title XIX authority.

# Co-Pay Requirements for Expansion Adults

- **As of October 1, 2028, states must impose cost-sharing on expansion adults with incomes over 100% FPL. The amount must be more than $0 and cannot exceed $35 per item or service.**
  - Total aggregate cost-sharing may not exceed 5% of the individual's or family's income.
  - States would no longer be allowed to impose premiums, enrollment fees, or similar charges.
  - States have the option to permit providers to deny care for non-payment of cost-sharing.
- **Excluded services:** Primary care, prenatal care, pediatric care, emergency room care (except non-emergency in EDs), and services provided in FQHCs, CCBHCs, or rural health clinics.

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# SDP Grandfathering – Phase Down – LDH Calculations

Non-rural acute hospital

| Average Rate per Unit Type | SY 2027 - 0% reduction | SFY 2028 - 0% reduction | SFY 2029 - 10% reduction | SFY 2030 - 20% reduction | SFY 2031 - 30% reduction | SFY 2032 - 40% reduction |
|---|---|---|---|---|---|---|
| **Inpatient** | | | | | | |
| Medicaid Base Payments | $1,514 | $1,514 | $1,514 | $1,514 | $1,514 | $1,514 |
| Medicaid SDP | $2,977 | $2,977 | $2,680 | $2,382 | $2,084 | $1,786 |
| Total Medicaid Rate | $4,492 | $4,492 | $4,194 | $3,896 | $3,598 | $3,301 |
| 100% Medicare Rate | $2,774 | $2,774 | $ 2,774 | $ 2,774 | $ 2,774 | $ 2,774 |
| Total SDP (Millions) | $ 2,062.3 | $ 2,062.3 | $ 1,856.0 | $ 1,649.8 | $ 1,443.6 | $ 1,237.4 |
| **Outpatient** | | | | | | |
| Medicaid Base Payments | $238 | $238 | $238 | $238 | $238 | $238 |
| Medicaid SDP | $348 | $348 | $313 | $278 | $243 | $209 |
| Total Medicaid Rate | $586 | $586 | $551 | $516 | $481 | $447 |
| 100% Medicare Rate | $283 | $283 | $283 | $283 | $283 | $283 |
| Total SDP (Millions) | $ 1,770.1 | $ 1,770.1 | $ 1,593.1 | $ 1,416.1 | $ 1,239.0 | $ 1,062.0 |

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# Assessment Phase Down – LDH Calculations

Assessment Reduction Example

- **Simplified potential phase-down** example assuming no increase in tax base (NPR or capitation revenue)
- Hold harmless limit treated as a composite for hospitals and managed care organizations respectively
- As of SFY 2026, aggregate assessment percentages were:
  - **Inpatient hospital: 5.5%**
  - **Outpatient hospital: 4.9%**
  - **Premium tax: 5.5%**

| | State Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| **Assessment Type** | **SFY 2027** | **SFY 2028** | **SFY 2029** | **SFY 2030** | **SFY 2031** | **SFY 2032** |
| **Hold Harmless Limit*** | **6.0%** | **5.5%** | **5.0%** | **4.5%** | **4.0%** | **3.5%** |
| Hospital Assessments | | | | | | |
| **Inpatient** | $ 417.1 | $ 417.1 | $ 379.6 | $ 341.6 | $ 303.7 | $ 265.7 |
| **Outpatient** | $ 482.2 | $ 482.2 | $ 482.2 | $ 445.7 | $ 396.2 | $ 346.7 |
| Total Hospital Assessments | $ 899.3 | $ 899.3 | $ 861.8 | $ 787.4 | $ 699.9 | $ 612.4 |
| Total MCO Assessments | $ 865.0 | $ 865.0 | $ 753.9 | $ 649.5 | $ 551.9 | $ 460.8 |

**Hold harmless limit for each state is the lesser of the July 4, 2025 level and listed cap*

- Hospital assessments include SFY 2026 statewide and parish assessments (based on most recent waiver submissions)
- MCO assessments collected on Healthy Louisiana rates – included amounts developed using the most recent rate certification
- CMS has yet to release specific guidance on the assessment phase down

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# Opportunities

*Bruce D. Greenstein*

# Work Requirements – How Are We Thinking About It?

Helping Louisianans move from ***dependence*** to ***independence***.

# Expanding Access to Care – HCBS Adjustments

- Effective July 1, 2028, a new standalone 1915(c) waiver is created that does not require participants to be subject to a determination that, but for the provision of home and community-based services (HCBS), those individuals would require nursing home or ICF/IDD level of care.
- States must submit annual reports on costs, duration, comparisons, and participant numbers.
- Payments may not be made under these waivers to third parties for benefits such as health insurance, skills training, and other benefits typically provided to employees.

# Expanding Access to Care – HCBS Adjustments

- **State requirements for this waiver:** States must meet statutory requirements for all other 1915(c) waivers, demonstrating that the standalone waiver:
  - Will not increase the average wait time to receive HCBS under any other approved waiver;
  - Establishes needs-based criteria for eligibility;
  - Establishes more stringent needs-based criteria to determine whether an individual meets the level of care requirements that are typically required; and
  - Attests to cost neutrality.

# Louisiana Rural Health Transformation Program

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# Executive Summary

- **$50 billion** earmarked over five years for rural health infrastructure, workforce, and access.
  - Would mean approximately $200 million per year over 5 years for Louisiana.
- **Prioritizes underserved areas with high morbidity and provider shortages.**
- Must submit transformation plans by a **tight timeframe**.

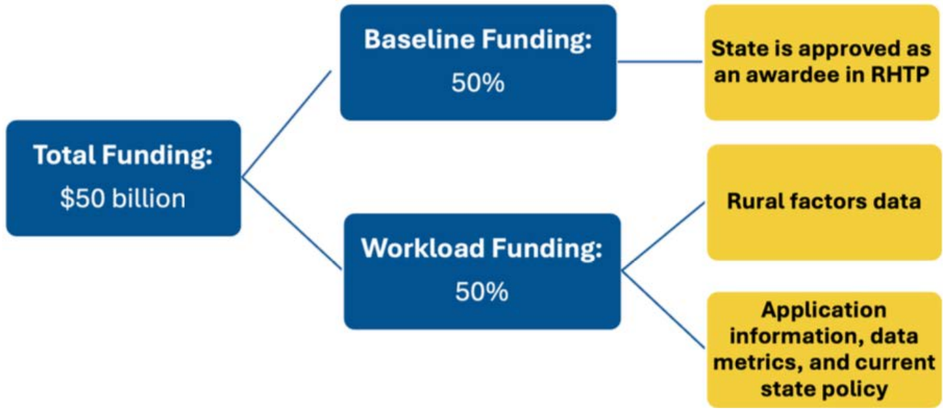
# Why It's Important

- **44 of Louisiana's 64 parishes are designated as fully or partially rural.**
- **Approximately 29.1% of Louisiana's population live in rural areas.**
  - **11% of adults in rural Louisiana have heart disease.**
    - 32% higher than urban prevalence of 8%.
  - **20% of adults in rural Louisiana have diabetes.**
    - 42% higher than urban prevalence of 14%.
  - **43% of adults in rural Louisiana are obese.**
    - 21% higher than urban prevalence of 38%.
  - **39% of adults in rural Louisiana use tobacco.**
    - 12% higher than urban prevalence of 27%.

# Federal Updates: Funding Distribution

**50% BASELINE FUNDING:**

*Distributed equally among all approved states.*




**50% WORKLOAD FUNDING:**

*Half of the total funding available each budget period; funding factors as follows:*

- **Data-driven metrics**: Points awarded based on value of metrics compared to other states.
- **Initiative-based:** Points awarded based on qualitative assessment of programmatic initiatives outlined and subsequent follow-through.
- **State policy actions:** Points awarded based on current state policy, proposed policy action you commit to by accepting the award, and subsequent follow-through toward meeting commitments.

# Federal Updates: Funding Distribution

**ESTIMATED AWARD DATE: December 31, 2025**

*Funding is provided in five budget periods — 10 months for the first budget period and 12 months for each subsequent period.*

- CMS will re-calculate each approved state's technical score and corresponding workload funding amount for each subsequent budget period based on information and data provided in annual reporting. Funding appropriate for FY 2027, to be determined by October 31, 2026, and so forth through fiscal year 2030.

# Federal Updates: Use of RHT Program Funds

1. Prevention and chronic disease
2. Provider payments
3. Consumer tech solutions
4. Training/technical assistance
5. Workforce
6. IT advances
7. Appropriate care availability
8. Behavioral health
9. Innovative care
10. Capital expenditures and infrastructure
11. Fostering collaboration

# Planned Investments

- Strengthen Louisiana’s rural healthcare workforce
- Expand electronic health records adoption and interoperability
- Expand rural access to digital health
- Expand value-based care
- Strengthen rural community care coordination
- Expand physical activity and nutrition-based interventions
- Strengthen access to behavioral health, maternal health, and chronic disease
- Investments to assure sustainable access

# Legislative Option for 2026 Regular Session

- Formal enactment of the Rural Health Transformation Task Force.
- Re-institute the Louisiana Small Town Health Professional Tax Credit.
- Study Resolution to conduct rural health system analysis in rural parishes across the state, including but not limited to availability of care delivery, transportation, technology access, and community partnerships.

# Questions/Comments

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# THANK YOU

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