

Hello NRHA members,

On July 1, the Senate passed its reconciliation legislation of the [One Big Beautiful Big Act](#) (OBBBA). The final version to pass included the provisions below relating to rural health. The Senate and House passed different versions of the reconciliation package, so now the Senate-passed bill must go back to the House for final passage.

NRHA issued the following statement on the Senate's passage:

"The Senate recently passed the *One Big Beautiful Bill Act* that would make sweeping changes to Medicaid and the ACA Marketplaces resulting in significant coverage losses for rural Americans. This legislation will limit access to care for all rural patients by ending health care coverage for rural residents nationwide and putting financial strain on rural facilities who care for them. The National Rural Health Association (NRHA) is extremely concerned by the Senate's cuts to provider taxes and state-directed payments which directly support rural providers and facilities. Further, NRHA is [concerned](#) that the Rural Health Transformation Program, dedicated to offset the Medicaid cuts on rural communities, will fall short of addressing the other provisions in this legislation. We urge our partners in the House to reject these massive cuts and protect rural healthcare."

#### **Medicaid:**

- Provider taxes:
  - Moratorium on new taxes for expansion and non-expansion states
  - Expansion states' provider tax rates phased down to 3.5% beginning in 2028 through 2032
  - Non-expansion states' provider taxes frozen at current rates
  - Taxes on long-term care facilities are exempt
- State-directed payments:
  - Expansion states limited to Medicare rate
  - Non-expansion states limited to 110% of Medicare rate
  - Beginning in 2028, phasing down by 10% each year until the applicable Medicare rate is reached
  - SDPs for rural hospitals may temporarily exceed Medicare rate if state obtained approval or good faith effort before the bill is enacted
- Work requirements (largely the same as the proposals in H.R. 1):
  - States must implement work requirements by 2027
  - Eligible enrollees must work 80 hours per month or be enrolled at least half time in school
  - Parents of children 14 and older are NOT exempt from work requirements (change from H.R. 1)
  - Other exemptions include individuals under 19 and over 64, pregnant or post-partum individuals, members of tribes, individuals with disabilities, individuals with substance use disorder, individuals in drug or alcohol treatment programs, or individuals meeting work requirements for other programs.
- Sunsets increased traditional FMAP for new expansion states on Jan. 1, 2026
- Budget neutrality for Sec. 1115 demonstration projects beginning in 2027
- Expanded coverage for Medicaid home and community-based services

- Moratorium on implementation of Minimum Staffing Standards for Long-Term Care Facilities, Medicaid and CHIP Eligibility and Enrollment, and Medicare Savings Program Eligibility and Enrollment final rules

**Rural Health Transformation Program:**

This fund would allocate \$50 billion over 5 years to implement certain health-related activities. Half of the \$50 billion would be appropriated equally among all 50 states. 40% would be allocated to states through a mechanism determined by the Administrator of the Centers for Medicare and Medicaid Services (CMS). The CMS Administrator must consider the percentage of each state's population that lives in rural areas; the state's proportion of rural health facilities compared to rural health facilities nationwide; the situation of rural hospitals in the state; and any other factors that the Administrator deems relevant.

The bill defines as rural health facility as a hospital located in a rural area, being treated as located in a rural area, or in a rural census tract of a metropolitan statistical area; a critical access hospital; a sole community hospital; a Medicare-dependent hospital; a low-volume hospital; a rural emergency hospital; a rural health clinic; a federally-qualified health center; a community mental health center in a rural area; an opioid treatment program in a rural area; or a certified community behavioral health center in a rural area.

In order to receive funds, each state must submit an application to CMS by December 31, 2025. The application must include a rural health transformation plan.

States must use funds for at least 3 of the following activities:

- Promoting evidence-based interventions for improving prevention and chronic disease outcomes
- Payments to healthcare providers
- Promoting technology driven solutions for prevention and management of chronic diseases
- Providing training and technical assistance to help rural hospitals develop and adopt technology-driven solutions to improve care delivery
- Recruiting and retaining clinical staff with a commitment to serve in a rural area for at least 5 years
- Providing technical assistance, software, and hardware for cybersecurity and improving patient health outcomes
- Supporting access to behavioral health, including opioid use and substance use disorder, treatment services
- Value-based care initiatives

**Affordable Care Act Marketplace:**

- Individuals that enrolled in Marketplace coverage through a special enrollment period based on income are not eligible for premium tax credits (PTCs)
- Require verification of household income, immigration status, place of residence, family size, etc. in order to qualify for PTC
- Disallow partial repayments of excess advanced PTCs, requiring taxpayers to repay the full amount of any excess

**Graduate loan provisions:**

- Starting July 1, 2026, Grad PLUS loans will no longer be available to new borrowers.
- Lifetime caps will be established for direct unsubsidized loans:
  - Graduate students: \$100,000 total federal debt, \$20,500 per year
  - Professional students (MD, JD, DVM, etc.): \$150,000 total, \$50,000 per year
  - Aggregate cap across all federal loan programs: \$200,000 per borrower
- **Not included** in this legislation is a limitation on medical and dental residencies counting towards Public Service Loan Forgiveness.