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LEGISLATIVE ANALYSIS

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Key Provisions in the House-passed Reconciliation Bill – H.R. 1, the "One Big Beautiful Bill Act"

Overview

In the early morning hours of May 22nd, the House of Representatives passed H.R. 1, the "One Big Beautiful Bill Act" by a vote of 215-214. The House-passed bill includes several changes to Medicaid and Affordable Care Act (ACA) insurance coverage that the non-partisan Congressional Budget Office (CBO) estimates would result in more than 8 million people losing health insurance over the next ten years. Additionally, the legislation includes tax provisions directly impacting foundations, and changes that would reduce federal funding for the Supplemental Nutrition Assistance Program (SNAP).

Overall, CBO estimated that an earlier version of the legislation would result in households in the lowest 10 percent of incomes experiencing a decrease in government resources by about 2 percent in 2027 and 4 percent in 2033, while resources for households in the highest 10 percent of incomes would increase by about 4 percent in 2027 and 2 percent in 2033.

The legislation is expected to be further changed in the Senate to comply with Senate Rules (e.g., Byrd rule which limits provisions in the bill to "primarily budget related" changes) and address varying policy perspectives among Senate Republicans, including "fiscal hawks" and Senators that have raised concerns about Medicaid changes.

Summary of Key Provisions

Below is more information on key policies included in the House-passed reconciliation bill, by topic, impacting grantmaking organizations.

Medicaid

The bill includes several changes to Medicaid that CBO estimates would reduce federal Medicaid spending by more than $715 billion and result in millions of individuals losing coverage over ten years. Specifically, the bill:

- requires that all states apply Medicaid work requirements for nondisabled adults without dependents. This means these Medicaid enrollees would have to work, volunteer, or be enrolled in an educational program for at least 80 hours a month. The work requirements would not apply to pregnant women, people who are blind or disabled or "medically frail," or parents or caregivers of dependent children with a disability. States would be required to implement work requirements no later than December 31, 2026.
- prohibits federal Medicaid funding for individuals whose citizenship, nationality, or immigration status has not been verified.
- lowers the federal amount provided to states that use state funding to provide coverage to any resident who is ineligible for federal Medicaid due to their immigration status.
- prohibits federal Medicaid funding from being used for gender transition procedures for children and adults.
- increases the frequency of eligibility checks for Medicaid enrollees from once a year to once every 6 months. If an eligibility check determines the individual is no longer eligible (due to income or other reasons), the individual would be disenrolled from the state's Medicaid program.
- delays implementation of rules that generally made it easier for people to enroll in Medicaid. As a result, there could be increased documentation requirements for people to show Medicaid eligibility, limited timeframes for individuals and families to provide Medicaid programs with information on eligibility, and increased eligibility verification requirements.

Affordable Care Act (ACA) Insurance

The legislation also includes changes to ACA coverage that are expected to increase the number of uninsured individuals. The House-passed legislation would:

- require an enhanced income and eligibility verification process for Advanced Premium Tax Credits (APTCs) that reduce the cost of insurance in an ACA Marketplace.
- limit opportunities for consumers to enroll in ACA coverage by shortening the annual Open Enrollment Period for individual market coverage from November 1–December 15 (in recent years the open enrollment period has lasted from November 1–January 15), and eliminating a Special Enrollment Period in which people with a household income

below 150% of the Federal Poverty Level could enroll in ACA coverage throughout the year.

- exclude Deferred Action for Childhood Arrivals (DACA) recipients from being eligible for APTCs or other federal subsidies to reduce the cost of ACA coverage.
- prevent individuals from receiving APTCs until their eligibility, including income, immigration status, place of residence, family size, and any health coverage status, can be verified.

Medicare

The House-passed bill includes several provisions related to Medicare, including:

- limiting Medicare eligibility to U.S. citizens and lawfully present immigrants admitted for permanent residence, Compact of Free Association (COFA) migrants residing in the United States, and certain immigrants from Cuba. People not in these categories, like those with temporary protected status and refugees and asylees would no longer be eligible for coverage. CBO estimated this provision would reduce Medicare spending by $49.5 billion over ten years, but they did not provide an estimate on how many people would no longer be eligible for Medicare.
- an update to the methodology used to calculate payments to clinicians starting in 2026. The legislation would not provide the payment relief in 2025 that clinicians have been advocating for, but it does provide a metric for yearly updates and increases over time at a rate slower than the rate of inflation.

Excise Tax on Foundations

The bill modifies the excise tax on private foundations, which are currently subject to a 1.39 percent excise tax on net investment income. Under this House-passed legislation:

- The 1.39 percent rate continues to apply to a private foundation with assets of less than $50 million.
- In the case of a private foundation with assets equal to or greater than $50 million, but less than $250 million, the rate of the excise tax is 2.78 percent.
- In the case of a private foundation with assets equal to or greater than $250 million, but less than $5 billion, the rate of the excise tax is five percent.
- The rate is 10 percent for a foundation with assets of at least $5 billion.

Supplemental Nutrition Assistance Program (SNAP)

The House-passed legislation includes changes to SNAP which CBO estimates would reduce federal SNAP funding by nearly $300 billion over ten years (approximately a 30 percent reduction). Specifically, the legislation would:

- expand work requirements which currently apply to able bodied adults without dependents up to age 54. The bill would expand these work requirements for these individuals up to age 64.
- limit the work requirements exemption for people with dependents age 18 and below to dependents age 7 and below. As a result, able bodied adults who have dependents age 8-18 would newly be subject to work requirements.
- limit state waiver requests from the work requirements.
- increase states' share of administrative costs.

CBO estimated that the work requirements provisions would reduce SNAP enrollment by roughly 3.2 million people in an average month over the 2025–2034 period. Of those 3.2 million people:

- about 1 million people losing benefits in an average month would be nondisabled adults through age 64 who do not live with dependent children,
- another 800,000 people are considered nondisabled adults age 18 to 64 who live with children who are age 7 or older, and
  the remaining 1.4 million would be nondisabled adults aged 18 to 54 (or 18 to 49, starting in 2031) who do not live with dependents but who receive a waiver or exemption from the requirements under current law.

Advocacy Opportunities for Grantmakers

In sharing priorities with Members of Congress on reconciliation legislation, including concerns related to specific provisions in the House bill, grantmakers should now turn their focus to outreach to Senate offices, as their efforts ramp up. Materials that can assist in advocacy include:

- As mentioned above, a preliminary analysis of the distributional effects of the legislation, in which the non-partisan Congressional Budget Office estimates that if the provisions in the House bill became law, that households in the lowest 10 percent of incomes would experience a decrease in government resources by about 2 percent in 2027 and 4 percent in 2033, while government resources would increase for households in the highest 10 percent of incomes by about 4 percent in 2027 and 2 percent in 2033.

- The Congressional Budget Office estimate that saying that the House reconciliation legislation would reduce the number of people with health insurance by at least 8.6 million.
- KFF's comprehensive tracker summarizing the health provisions in the 2025 federal budget recommendation bill.
- Research from KFF that finds 92 percent of Medicaid recipients are already working or exempt from work requirement policies.
- Estimates of coverage losses that would result from Medicaid work requirements, by Congressional district, developed by the Center on Budget and Policy Priorities.
- A resource developed by the Urban Institute on how SNAP cuts could impact specific states and communities.

Additionally, stakeholders can share information with congressional offices on the impact of the excise tax changes on grantmaking organizations, including how that will impact programs, services, and constituents the Member of Congress represents.

For more information on the reconciliation legislation and how grantmakers can inform and influence policymakers working on reconciliation legislation, GIH Funding Partners can register for a webinar on May 29 at 3:30 p.m. ET. During the webinar, policy experts from Leavitt Partners will provide the latest updates and answer questions on the potential changes to Medicaid, SNAP, and tax provisions impacting foundations.