Health Care in Motion

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One Big Ugly Bill: How the Reconciliation Act is Expected to Lead to Massive Coverage Losses

Despite dire warnings from patient groups, hospital stakeholders, and state governors that major health care cuts would harm individuals, families, and the economy, slim Republican majorities in the House and Senate succeeded in passing their sweeping budget reconciliation bill by their self-imposed July 4th deadline. The final package trades massive cuts to Medicaid and marketplace coverage, as well as cuts to other important programs such as the Supplemental Nutrition Assistance Program (SNAP), for billions of dollars in tax cuts for the country's top earners. The changes to Medicaid and marketplace coverage are slated to go into effect over several years, meaning coverage losses will likely be staggered. Read on for the estimated impact of the law's major health care provisions and how advocates are preparing to mitigate harm for the millions of individuals who could lose their health coverage.

Impact on Coverage

The final package signed into law by President Trump included virtually all of the proposed provisions that ended up in the Senate bill (see previous Health Care in Motion). The anticipated impact on coverage for low-income individuals is staggering. The combination of cuts and programmatic changes to Medicaid and the Affordable Care Act (ACA) marketplaces is anticipated to cause 17 million people to lose coverage over the next decade. The marketplace coverage losses also take into account provisions included in the final marketplace integrity rule, a number of which were codified in the final bill text.

Marketplace Integrity Rule

On June 25, 2025, the Centers for Medicare and Medicaid Services (CMS) published a final regulation that adds burdensome administrative requirements and makes other harmful changes to the marketplaces. These changes—such as elimination of a special enrollment period (SEP) for people with lower income—will make it harder for people to enroll in and maintain marketplace coverage.

The tables below highlight key changes to Medicaid and marketplace rules, including when they will be implemented and coverage losses they are expected to trigger according to Congressional Budget Office (CBO) and other health policy analyst estimates. While the list below is non exhaustive, and analysis of the far-reaching implications of the bill is ongoing, it is clear that this legislation will create new barriers to health care access and affordability across the country.

Medicaid Cuts		
Policy	**Implementation date**	**Expected Impact (over 10 years)**
Work requirements	January 2027 (though states can request a waiver through December 2028)	The CBO estimated that 4.8 million people will become uninsured as a result of the House's work requirements provision. This number has likely increased due to changes the Senate made to the bill, including narrowing certain exemptions to the work requirement. Those losing coverage would include people who are working or qualify for an exemption, but who struggle to comply with burdensome and complex administrative processes to document compliance, including people with limited English proficiency (LEP) and people with disabilities.
Six-month eligibility renewals for Medicaid expansion adults	January 2026	The CBO estimated that this new law would increase the number of people without health insurance by 700,000 in 2034. More significantly, this new law will likely lead to many people losing coverage earlier than they otherwise would, or experiencing gaps in coverage, because of difficulty complying with administrative processes, or because the state fails to timely process their paperwork.
Changes to rules surrounding provider taxes, which will reduce states' abilities to draw down matching federal funds	January 2028	No estimates of coverage losses from the provision included in the final bill are currently available. But the impact of these changes will be to reduce funds available for states to run their Medicaid programs, which will likely result in changes to who can access Medicaid and what services are covered.
Requirement to impose cost sharing on many services for Medicaid expansion adults with income above 100% FPL ($15,650 per year for a single person in 2025)	October 2028	No coverage losses, but imposing cost sharing on people with very low income will likely cause many individuals to defer or forgo needed care.

<table>
<tr><th colspan="3">Marketplace Cuts (Combined Impact of Reconciliation Bill and Marketplace Integrity Rule)</th></tr>
<tr><td>Enhanced premium tax credit (PTC) extension was not included in the bill—thus, this policy is slated to expire at the end of 2025</td><td>January 2026 (unless Congress acts! see below)</td><td>The CBO estimated that 4.2 million people will become uninsured due to failure to extend the enhanced PTCs.</td></tr>
<tr><td>More limited SEP eligibility</td><td>January 2026</td><td rowspan="9">There is no updated CBO analysis that breaks down coverage losses by each of these provisions, but millions more will become uninsured from the reconciliation bill and the marketplace integrity rule.

People most likely to lose coverage include:
Low-income individuals who can no longer afford coverage without enhanced PTCs
Immigrants, including refugees and asylees, others lawfully residing in the U.S. based on humanitarian laws, and DACA recipients
People less able to navigate eligibility paperwork, including people with LEP and people with disabilities</td></tr>
<tr><td>Shorter open enrollment period (November 1 – December 15 in states using healthcare.gov; state-based marketplaces may extend to December 31)</td><td>November 2026 (for enrollment in 2027 plan year)</td></tr>
<tr><td>Elimination of low-income SEP</td><td>August 2025</td></tr>
<tr><td>Additional income verification requirements</td><td>August 2025</td></tr>
<tr><td>$5 charge for individuals enrolling in $0 premium plan</td><td>January 2026</td></tr>
<tr><td>All excess PTCs received must be paid back to IRS</td><td>2026 tax year</td></tr>
<tr><td>Limits marketplace subsidy eligibility to narrower list of immigrants</td><td>January 2027, but removal of eligibility for people with deferred action for childhood arrivals (DACA) goes into effect August 2025</td></tr>
<tr><td>Auto-enrollment no longer allowed</td><td>January 2028</td></tr>
<tr><td>All excess PTCs received must be paid back to IRS</td><td>2026 tax year</td></tr>
</table>

The final bill included particularly cruel provisions further restricting lawful immigrants' access to Medicaid, the Children's Health Insurance Program (CHIP), Medicare, marketplace coverage, and food assistance through SNAP. For more details on cuts to immigrant access to health insurance and SNAP, see the National Immigration Law Center's resources. The impact of these cuts is broad—for example, the CBO estimated that a provision in the House reconciliation bill eliminating certain groups of lawful immigrants from marketplace PTC eligibility would increase the number of uninsured people by 1 million in 2034.

What's Next

As communities most affected by these harmful policy changes brace for implementation, advocates are already taking steps to mitigate harm to consumers, including by:

- **Urging Congress to make the enhanced PTCs permanent**: Though Congress did not include an extension to the enhanced PTCs (which have been in effect since 2021) in the reconciliation package, there is still time for Congress to act to extend or make permanent the enhanced PTCs. Without these enhanced PTCs, millions of people will no longer be able to afford their marketplace coverage and premiums for everyone will go up (see previous Health Care in Motion on this topic). The next legislative vehicle for this action is likely the fiscal year 2026 budget, which is currently being hashed out in congressional legislative committees.

- **Working with states to mitigate Medicaid and marketplace coverage losses and benefits cuts**: As states begin to lose federal Medicaid funding, they may confront hard choices about how to maintain coverage and benefits. Optional services that have an outsized impact on people with complex conditions and disabilities, including home and community-based services, will be at particularly high risk for cuts. It will be critical for advocates, providers, and consumers to weigh in frequently with state Medicaid officials to protect these vital programs. Advocacy to state legislators to protect state Medicaid funding will also be critical as legislatures assess the impact of these cuts on state budgets.

  State departments of insurance (DOIs) are also potential partners in working with consumer groups to mitigate coverage losses from the marketplace changes. For instance, state DOIs may need to increase consumer engagement and education efforts to ensure consumers understand new verification and enrollment requirements, especially given the truncated open enrollment period.

- **Preparing to inform federal guidance and regulations implementing the new Medicaid rules:** There is likely to be a host of federal guidance and regulations implementing the reconciliation law's many provisions, including guidance on work requirements. Providers, patient groups, and other advocates should be ready to weigh in to encourage regulatory guidance that creates the least administrative burden on Medicaid members as possible.

- **Preparing to litigate illegal actions:** Given the scale and scope of the Medicaid and marketplace changes included in the final law, legal disputes are likely to arise around interpretation of the law and its implementation. Advocates will be on the lookout for implementation policies that place consumers at greater risk for unlawful losses of coverage, for example, if state Medicaid programs fail to protect the rights of people with disabilities or LEP.

We are still in the early days following final passage of the law, and there is likely to be a great deal of advocacy ahead as states grapple with how to implement the massive changes to the health care safety net.

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