# Obbba bill's reforms threaten rural and immigrant healthcare access amid tightening eligibility and funding cuts



The One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, heralds a sweeping transformation in healthcare financing and delivery across Medicaid, Medicare, and insurance marketplaces. While much public focus has centred on alarming projections of millions losing coverage, healthcare leaders should closely examine the bill’s regulatory intricacies, which carry significant consequences for hospital systems, especially those serving vulnerable, rural, and immigrant populations.

The legislation mandates semi-annual eligibility redeterminations for Medicaid expansion adults (aged 19–64) starting with renewals after December 31, 2026. This change anticipates greater coverage churn, where low-income patients cycle in and out of Medicaid more frequently, increasing hospitals’ administrative burdens and uncompensated care. Additionally, the bill imposes community engagement requirements, obligating able-bodied adults in the same age bracket to work or engage in qualifying activities for at least 80 hours a month. Non-compliance results in Medicaid termination and a consequential bar from subsidised marketplace coverage, a policy approach reflective of prior state-level experiments that led to increased disenrolment and emergency department usage.

Alongside these eligibility shifts, the OBBBA postpones the enforcement of several CMS regulations—including a 2024 Medicaid/CHIP eligibility and enrolment streamlining rule, Medicare Savings Program final rule, and nursing home staffing standards—until 2034. While this moratorium may reduce immediate compliance costs for providers, it delays anticipated improvements in care quality and oversight.

Financing pressure weighs heavily under the new law. The bill gradually lowers the cap on provider taxes, critical tools states use to leverage federal matching funds, from approximately 6% to 3.5% by 2032. This step-down intensifies financial strains on state governments and hospitals, particularly safety-net and rural facilities that rely extensively on these mechanisms. Similarly, state-directed Medicaid payments face new ceilings—capped at 100% of Medicare rates in expansion states and 110% in non-expansion states—with phased reductions beginning in 2028. These restrictions threaten supplemental payments that many safety-net hospitals use to offset unreimbursed care costs, likely leading to increased financial vulnerability.

The marketplace and Medicare programs also see tightened eligibility rules. Beginning with tax years after 2027, marketplaces must enforce stricter pre-enrollment verification for income, citizenship, and residency. Premium subsidies are eliminated for individuals enrolling via income-based Special Enrollment Periods, and a 2025 CMS rule removes the federal year-round SEP for those under 150% of the federal poverty level. These restrictions are poised to reduce the number of insured patients, thereby increasing hospital bad debt and uncompensated care. Medicare eligibility narrows substantially, excluding many immigrant groups previously covered. The law limits eligibility to U.S. citizens, lawful permanent residents, Compact of Free Association migrants, and Cuban-Haitian entrants, with current enrollees given an 18-month transition. Hospitals serving states with sizable immigrant populations could face rising volumes of unreimbursed care, particularly for older patients.

Rural healthcare facilities receive a mixed outlook under the OBBBA. The bill establishes a $50 billion Rural Healthcare Transformation Program (RHTP) to distribute $10 billion annually from 2026 to 2030, aiming to support rural hospital sustainability. However, industry analysts from the Center for American Progress and the American Hospital Association caution that this funding falls short of offsetting projected Medicaid cuts exceeding $1 trillion over the same period. Rural hospitals already operate under perilous financial conditions, with nearly half running at a loss and dozens closing over the past decade. AHA data project that 1.8 million rural residents could lose Medicaid coverage by 2034, exposing rural communities to compromised access and heightened mortality risks. Hospital CEOs in these areas, such as Kevin Stansbury of Lincoln Community Hospital in Hugo, Colorado, have voiced grave concerns about service reductions and survival under the new fiscal environment.

Despite the daunting fiscal challenges, the OBBBA does represent a historic federal investment in rural healthcare, mandating states to develop detailed rural health transformation plans for leveraging these resources. This program’s competitive grants aim to incentivise innovative care models, including telehealth and direct primary care, which hospital leaders may pivot towards to mitigate revenue losses and safeguard patient access.

In sum, the One Big Beautiful Bill Act constitutes the most substantial overhaul in healthcare financing in over a decade. Beyond headline narratives about coverage losses, hospitals face a complex landscape of new eligibility restrictions, shrinking provider funding, and increased uncompensated care burdens. Stakeholders—from compliance teams to system executives—must swiftly adapt operations, advocate with policymakers, and innovate care delivery to navigate this constrained and evolving environment, especially in underserved rural and immigrant communities.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[4]](https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/)
* Paragraph 2 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[4]](https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/)
* Paragraph 3 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[4]](https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/)
* Paragraph 4 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[4]](https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/)
* Paragraph 5 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[2]](https://www.americanprogress.org/article/the-truth-about-the-one-big-beautiful-bill-acts-cuts-to-medicaid-and-medicare/), [[3]](https://www.aha.org/fact-sheets/2025-06-13-rural-hospitals-risk-cuts-medicaid-would-further-threaten-access), [[5]](https://www.aha.org/news/headline/2025-06-16-analysis-highlights-impact-proposed-medicaid-cuts-rural-patients-and-hospitals), [[6]](https://www.advisory.com/daily-briefing/2025/06/19/budget-bill-hospital-impact)
* Paragraph 6 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[7]](https://www.whitehouse.gov/articles/2025/07/the-one-big-beautiful-bill-is-a-historic-investment-in-rural-healthcare/)
* Paragraph 7 – [[1]](https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/), [[2]](https://www.americanprogress.org/article/the-truth-about-the-one-big-beautiful-bill-acts-cuts-to-medicaid-and-medicare/), [[3]](https://www.aha.org/fact-sheets/2025-06-13-rural-hospitals-risk-cuts-medicaid-would-further-threaten-access), [[4]](https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/), [[5]](https://www.aha.org/news/headline/2025-06-16-analysis-highlights-impact-proposed-medicaid-cuts-rural-patients-and-hospitals), [[6]](https://www.advisory.com/daily-briefing/2025/06/19/budget-bill-hospital-impact), [[7]](https://www.whitehouse.gov/articles/2025/07/the-one-big-beautiful-bill-is-a-historic-investment-in-rural-healthcare/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.jdsupra.com/legalnews/one-big-beautiful-bill-act-an-overview-3910079/> - Please view link - unable to able to access data
2. <https://www.americanprogress.org/article/the-truth-about-the-one-big-beautiful-bill-acts-cuts-to-medicaid-and-medicare/> - This article from the Center for American Progress discusses the One Big Beautiful Bill Act's significant cuts to Medicaid and Medicare, highlighting the potential risks to rural hospitals. It notes that the bill includes $50 billion in relief funding for rural hospitals over a five-year period, but this amount is insufficient to offset the projected $1 trillion in Medicaid cuts. The article emphasizes that many rural hospitals are at immediate risk of closure due to these funding reductions, which could severely impact healthcare access in rural communities.
3. <https://www.aha.org/fact-sheets/2025-06-13-rural-hospitals-risk-cuts-medicaid-would-further-threaten-access> - The American Hospital Association's fact sheet outlines the potential impact of the One Big Beautiful Bill Act on rural hospitals. It states that the bill could result in 1.8 million individuals in rural communities losing their Medicaid coverage by 2034 and a $50.4 billion reduction in federal Medicaid spending on rural hospitals over 10 years. The fact sheet also highlights the financial struggles of rural hospitals, with 48% operating at a loss in 2023 and 92 rural hospitals closing over the past decade.
4. <https://www.reuters.com/business/finance/key-healthcare-provisions-trumps-tax-bill-2025-07-03/> - Reuters reports on the key healthcare provisions of the One Big Beautiful Bill Act, including significant changes to Medicaid. The bill introduces increased eligibility checks for ACA expansion enrollees, mandatory work or education requirements for adults aged 19-64 beginning in 2027, and tightened federal regulation over provider taxes. It also removes eligibility for certain non-citizens, including refugees and asylum-seekers, and mandates higher cost-sharing for enrollees earning above 100% of the federal poverty level.
5. <https://www.aha.org/news/headline/2025-06-16-analysis-highlights-impact-proposed-medicaid-cuts-rural-patients-and-hospitals> - The American Hospital Association's analysis highlights the impact of proposed Medicaid cuts on rural patients and hospitals. The analysis found that key Medicaid provisions in the One Big Beautiful Bill Act would result in a $50.4 billion reduction in federal Medicaid spending on rural hospitals over 10 years and 1.8 million individuals in rural communities losing their Medicaid coverage by 2034. The analysis also details the 10-year rural hospital financial impact and coverage loss by state.
6. <https://www.advisory.com/daily-briefing/2025/06/19/budget-bill-hospital-impact> - This article discusses the potential impact of the One Big Beautiful Bill Act on hospitals, particularly rural ones. It highlights concerns that the bill could lead to more harm and increased mortality due to lack of care. The article features insights from Kevin Stansbury, CEO of Lincoln Community Hospital in Hugo, Colorado, who expresses doubts about the hospital's survival under the proposed bill, citing reliance on provider tax reimbursements and the potential need to cut services.
7. <https://www.whitehouse.gov/articles/2025/07/the-one-big-beautiful-bill-is-a-historic-investment-in-rural-healthcare/> - The White House article outlines how the One Big Beautiful Bill Act makes historic investments in rural healthcare. It introduces the Rural Health Transformation Program, providing unprecedented new funding to states for a range of uses designed to make rural healthcare more effective and sustainable. States are required to submit detailed rural health transformation plans to the Centers for Medicare and Medicaid Services (CMS) on how these resources will be used to improve access to healthcare providers and health outcomes in their communities.