MASSACHUSETTS FOUNDATION

OCTOBER 28, 2025

"ONE BIG BEAUTIFUL BILL" ACT (OB3):

Overview of Medicaid and Marketplace Provisions and Impacts in Massachusetts

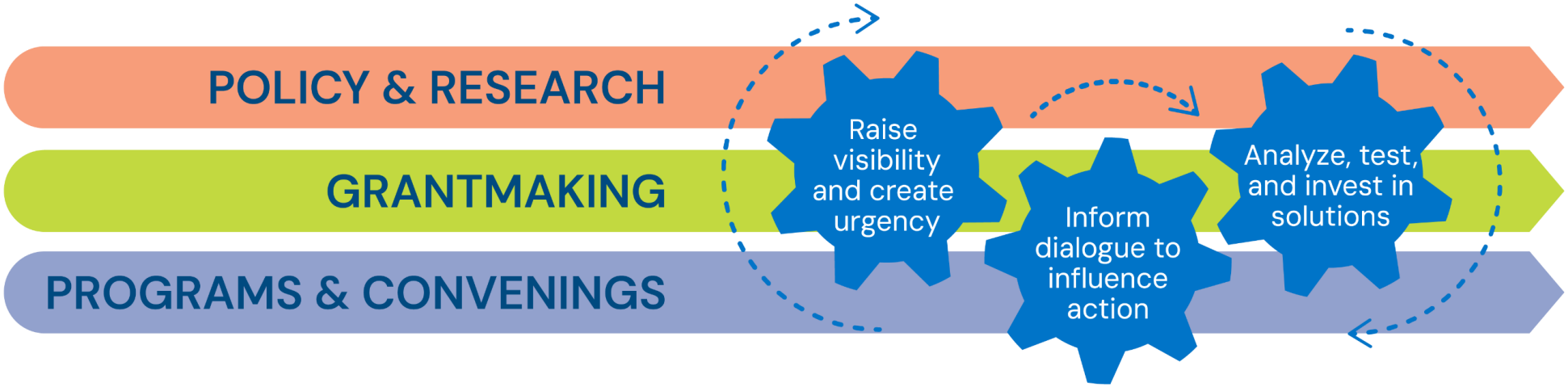
Kaitlyn Kenney Walsh
Vice President Policy and Research
Blue Cross Blue Shield of Massachusetts Foundation

- Introduction to the Foundation
- Overview of Public Coverage Programs in MA
- Key Medicaid and Marketplace Provisions in OB3
- Impacts of OB3 in MA
- Questions

OUR MISSION, APPROACH, AND FOCUS AREAS

MASSACHUSETTS FOUNDATION

Ensuring equitable access to health care for all those in the Commonwealth who are economically, racially, culturally, or socially marginalized



HEALTH COVERAGE & CARE

BEHAVIORAL HEALTH

STRUCTURAL RACISM AND RACIAL INEQUITIES IN HEALTH

MASSACHUSETTS FOUNDATION

OVERVIEW OF PUBLIC COVERAGE PROGRAMS IN MASSACHUSETTS

MASSHEALTH 101: COVERAGE

MassHealth is important to many population groups, covering more than one in four state residents — around 2 million people — including low-income children, seniors, pregnant people, and people with disabilities.

MassHealth provides access to health care for more people than many realize, including:

28%

1 in 4 Massachusetts residents

46%

1 in 2 children of all incomes

65%

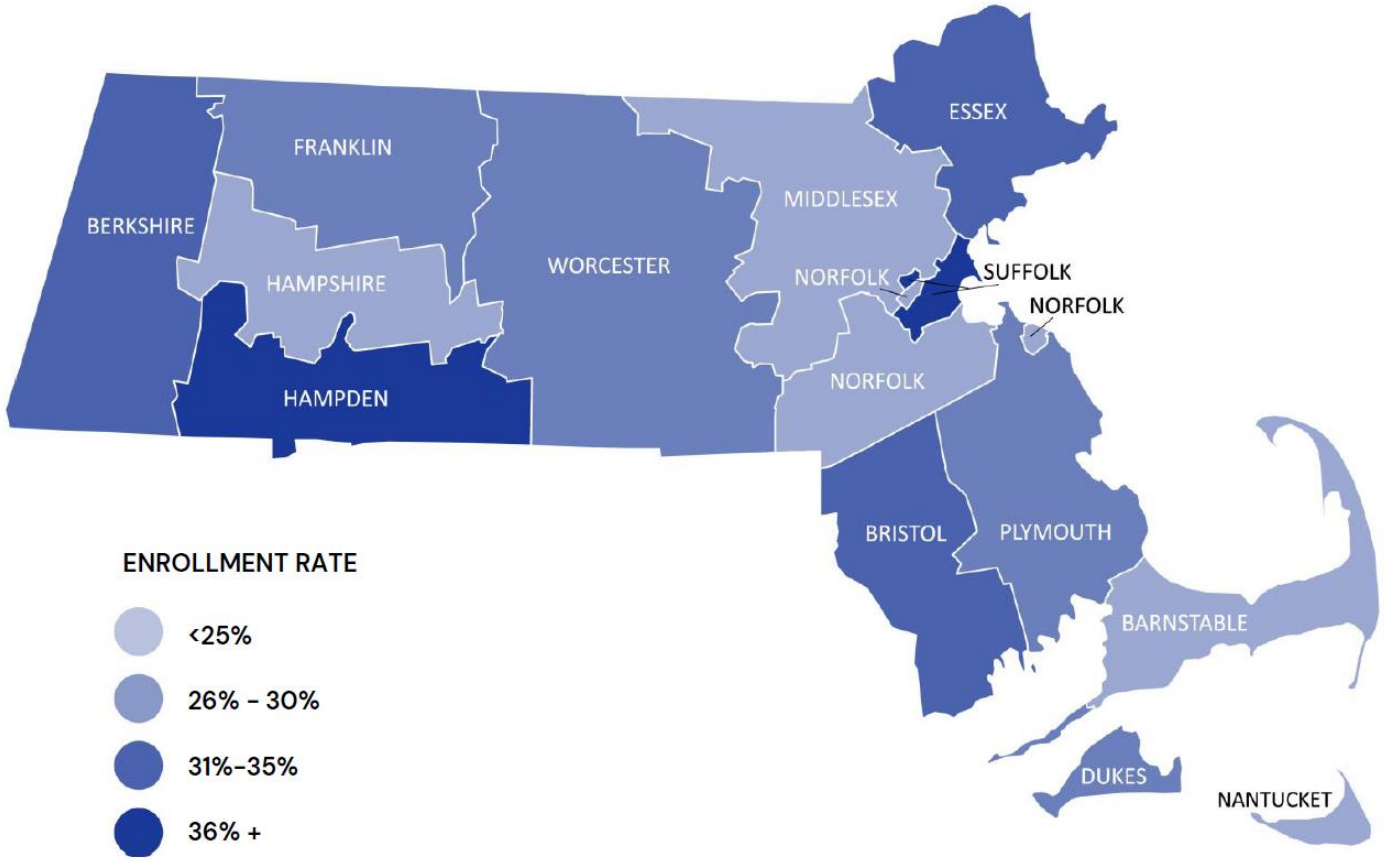
2 in 3 people in low-income families
(<133% of federal poverty level)

Source: MassHealth Basics Report, October 2025.
Note: These data are based on enrollment in state fiscal year (SFY) 2024.

MASSHEALTH 101: ENROLLMENT BY GEOGRAPHY

MassHealth is an important source of coverage for residents across Massachusetts. The MassHealth enrollment rate ranges from 18% of residents in Hampshire Country to 42% of residents in Hampden County.

PERCENT OF RESIDENTS ENROLLED IN MASSHEALTH BY COUNTY

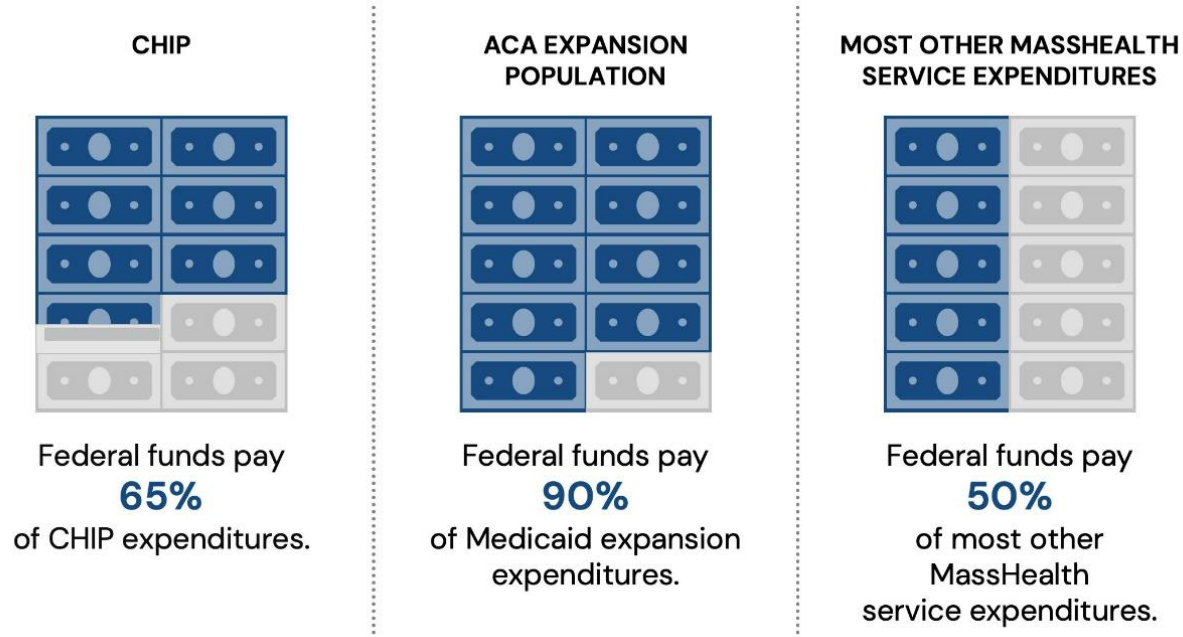


Source: Faces of MassHealth: Coverage Across the Commonwealth. October 2025.

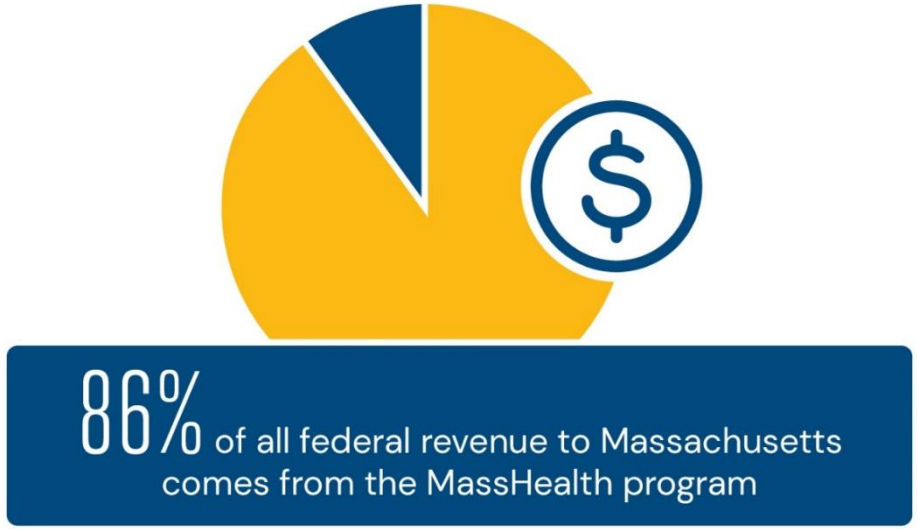
MASSHEALTH 101: PROGRAM SPENDING AND FEDERAL REVENUES

MASSACHUSETTS FOUNDATION

FEDERAL AND STATE SHARES OF MASSHEALTH EXPENDITURES, TYPICAL LEVELS



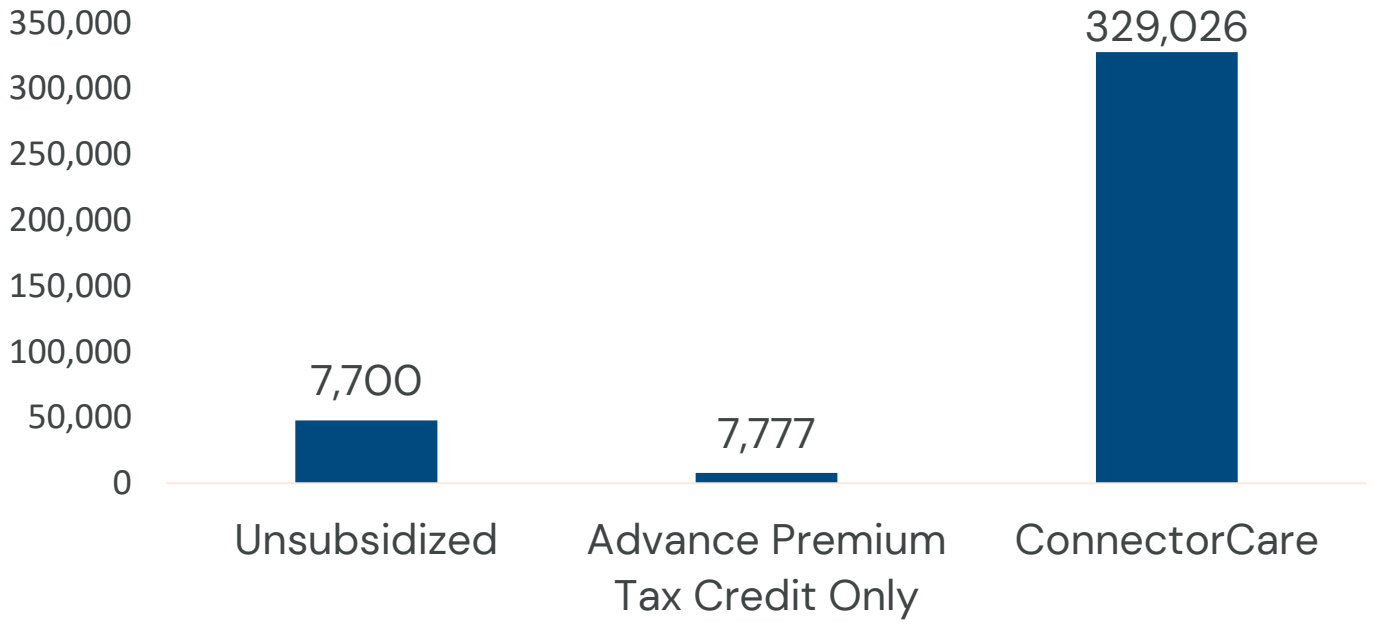
MassHealth brings in **$12.3 BILLION** in federal revenues to support the state economy.



Source: MassHealth Basics Report, October 2024; What is the Actual State Cost of MassHealth in FY 2025; MassHealth Matters to Massachusetts.
Note: The federal revenue data are based on MassHealth program revenue for state fiscal year 2025.

MASSACHUSETTS HEALTH CONNECTOR: OVERVIEW

The Health Connector provides health insurance coverage to almost 400,000 individuals and families in Massachusetts.



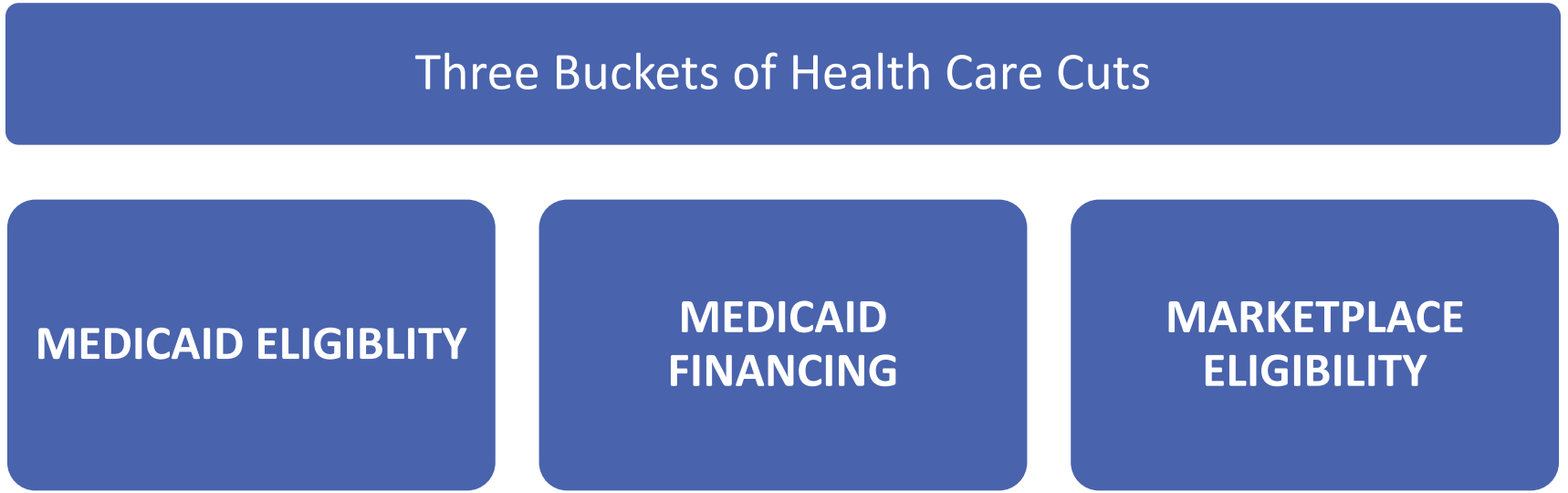
Source: Health Connector Monthly Dashboard, October 2025.

MASSACHUSETTS FOUNDATION

KEY MEDICAID AND MARKETPLACE PROVISIONS IN OB3

INTRODUCTION TO THE "ONE BIG BEAUTIFUL BILL" ACT (OB3)

- On July 4, 2025, President Trump signed the “One Big Beautiful Bill” Act (OB3) into law.
- Law includes several provisions related to Medicaid, the Children’s Health Insurance Program (CHIP), and the Affordable Care Act’s Marketplaces.
  - Congressional Budget Office (CBO) estimates that the law will cut gross federal Medicaid and CHIP spending by $990 billion over the next ten years.
- Implementation dates for key health care provisions vary, with some taking effect immediately and others being implemented over several years.



MEDICAID ELIGIBILITY CUTS: WORK REQUIREMENTS & SIX-MONTH REDETERMINATIONS

MASSACHUSETTS FOUNDATION

WORK REQUIREMENTS	SIX-MONTH REDETERMINATIONS
Requires states to implement work reporting/ community engagement requirements as a condition of Medicaid eligibility for certain adults.	Requires states to redetermine Medicaid eligibility every six months, instead of every 12 months, for certain adults.

- **Requirements primarily apply to people who:***
  - ✓ Are adults under 65,
  - ✓ Do not have dependent children, and
  - ✓ Are not enrolled in or applying for MassHealth on the basis of a disability or pregnancy

Effective Date: January 1, 2027**

*The populations likely affected by work requirements and six-month redeterminations are highly likely to change based on forthcoming CMS guidance and further analysis. There may also be some distinct differences between the populations subject to work requirements and those subject to six-month renewals. Lastly, certain individuals may qualify for an exemption (e.g., "Medically Frail") from these requirements.

**If state is demonstrating a "good faith" effort to comply with requirements, U.S. Health and Human Services Secretary can issue an exemption through December 31, 2028. States also have the option to start their program sooner than January 1, 2027.

MEDICAID ELIGIBILITY CUTS: IMMIGRANT COVERAGE RESTRICTIONS

Eliminates Medicaid and CHIP eligibility for many lawfully present immigrants. As a result of this change, the state estimates **~2,500 people will lose their coverage**.

Eligibility is restricted to the following:

- ✓ Lawful permanent residents ("green card holders") – after 5 years
- ✓ Certain Cuban and Haitian immigrants
- ✓ Citizens of the Freely Associated States (COFA) lawfully residing in the U.S.
- ✓ At the state option, lawfully residing children and pregnant people

Eliminates eligibility for:

- X Refugees
- X Individuals granted parole for at least one year
- X Individuals granted asylum or related relief
- X Individuals from Iraq and Afghanistan admitted on special immigrant visas, Certain abused spouses and children
- X Certain victims of trafficking
- X Native American tribal members who were born in Canada

Effective Date: October 1, 2026

MEDICAID FINANCING CUTS: PROVIDER TAXES & STATE DIRECTED PAYMENTS

MASSACHUSETTS FOUNDATION

The law cuts federal Medicaid funding in a number of ways, including by placing new restrictions on **provider taxes** and **State Directed Payments.**

WHAT ARE PROVIDER TAXES?

Provider taxes are assessments on health care providers that Massachusetts – and nearly every other state – uses to finance Medicaid.

OB3 restrictions on provider taxes:

- ✓ Immediate moratorium on new or increased provider taxes.
- ✓ Requirement that expansion states with a current provider tax rate above 3.5% (except on nursing homes) reduce its tax starting in fiscal year 2028.*^

WHAT ARE STATE DIRECTED PAYMENTS (SDPs)?

Rates Medicaid programs require managed care organizations to pay to providers.

OB3 restrictions on SDPs:

- ✓ Limiting SDPs for certain services in expansion states to 100% of Medicare rates.
- ✓ Requiring expansion states with SDPs above Medicare rates for certain services to reduce payments, starting in 2028.**^

Effective Dates: *October 1, 2027; **January 1, 2028

^Effective July 4, 2025: Moratorium on new or increased provider taxes; new SDPs subject to limit on provider rates not to exceed 100% of Medicare (Medicaid expansion states).

MARKETPLACE ELIGIBILITY CHANGES

Eliminates eligibility for subsidized coverage for many lawfully present immigrants. As a result of this change, the state estimates that **over 60,000 people will lose their coverage**.

1. Lawfully present immigrants with incomes under 100% of the federal poverty level (FPL)* who not qualify for MassHealth due to immigration status, will no longer be eligible for subsidized coverage (ConnectorCare).
   - This change eliminates Plan Type 1 in ConnectorCare.

2. Many lawfully present immigrants with income above 100% FPL** will no longer be eligible for subsidized coverage.

Effective Dates: *January 1, 2026; **January 1, 2027

MARKETPLACE ELIGIBILITY CHANGES (*PENDING*)

- Enhanced Premium Tax Credits (ePTCs), which were established by Congress in 2021 and help to lower monthly health insurance costs for many, will expire December 31, 2025, unless renewed by Congress.
- What does this mean for individuals and households?
  - Those with income up to 400% FPL will still qualify for subsidized coverage, but the **subsidies for some may be smaller**.
  - Those with income above 400% FPL will **no longer qualify for subsidized coverage; this is ~ 27,000 current Health Connector members.**
- If ePTCs are not extended, Massachusetts residents will see over **$425M less** in federal tax credit support in 2026.

ePTCS expire January 1, 2026, unless extended

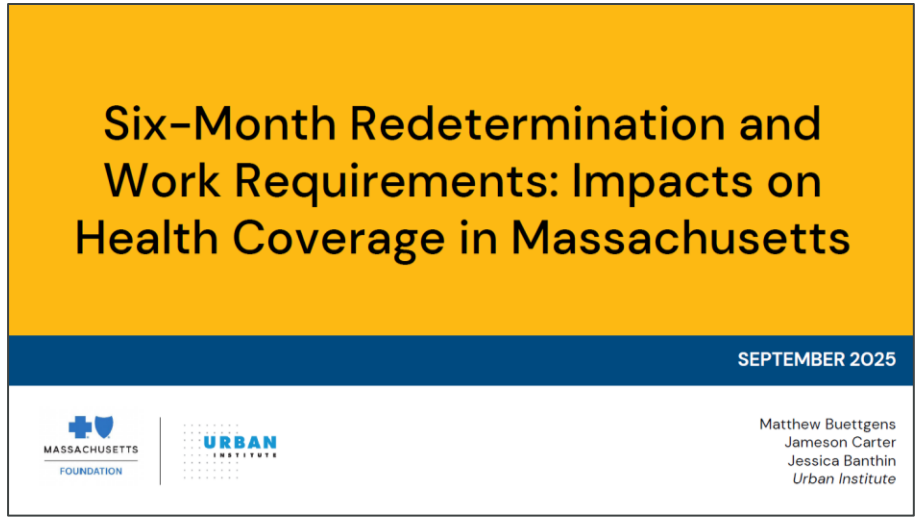
MASSACHUSETTS FOUNDATION

IMPACTS OF OB3 IN MASSACHUSETTS

COVERAGE IMPACTS

- State estimates project about **300,000 people** losing MassHealth or Health Connector coverage over the next decade:
  - 200,000 estimated to lose MassHealth
  - 100,000 people estimated to lose Health Connector coverage

- Key drivers of these coverage losses:
  - Work Requirements and Six-Month Redeterminations
  - Changes in eligibility related to immigration status



Home / Local Coverage / Business

34,000 Mass. residents will lose health coverage Jan. 1 following federal cuts

August 27, 2025 By Martha Bebinger

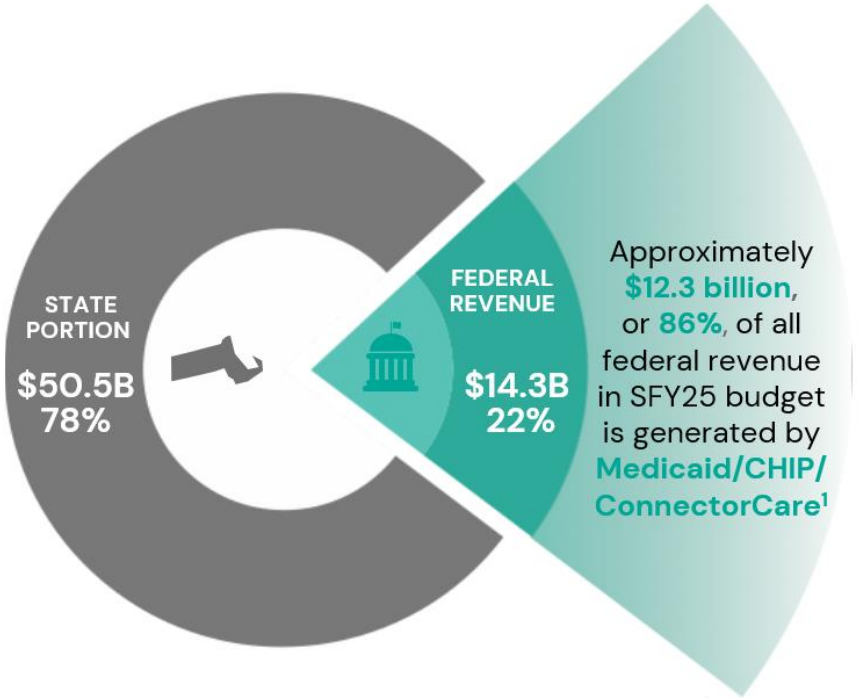
U.S. Speaker of the House Mike Johnson addresses the media after the House narrowly passed a bill forwarding President Trump's agenda at the U.S. Capitol on May 22. (Kevin Dietsch/Getty Images)

Roughly 34,000 legal immigrants in Massachusetts will be the first group of residents to lose government-subsidized health insurance under changes signed into law by President Trump last month. Most are working-age adults,

FUNDING IMPACTS

State estimates that Massachusetts will lose **$3.5 billion annually** once all health care provisions included in H.R. 1 are in place.

MASSACHUSETTS STATE BUDGET ($64.8 BILLION), SFY 2025



Mass. officials prepare for major Medicaid cuts after new requirements signed into law by Trump

By Jason Laughlin and Jonathan Saltzman Globe Staff, Updated July 10, 2025, 10:40 a.m.

State senator Lydia Edwards shared her thoughts about what would happen if the Medicaid budget was cut during a visit to the Cambridge Health Alliance Revere Care Center in May. State officials, including Governor Maura Healey (left), were at the event. BRETT PHELPS FOR THE BOSTON GLOBE

Massachusetts is preparing for a massive outreach effort to help hundreds of thousands of residents who qualify for Medicaid keep their coverage in the wake of new requirements signed into law Friday by President Trump.

An estimated 300,000 people are at risk of losing their health coverage over the next decade, while the state

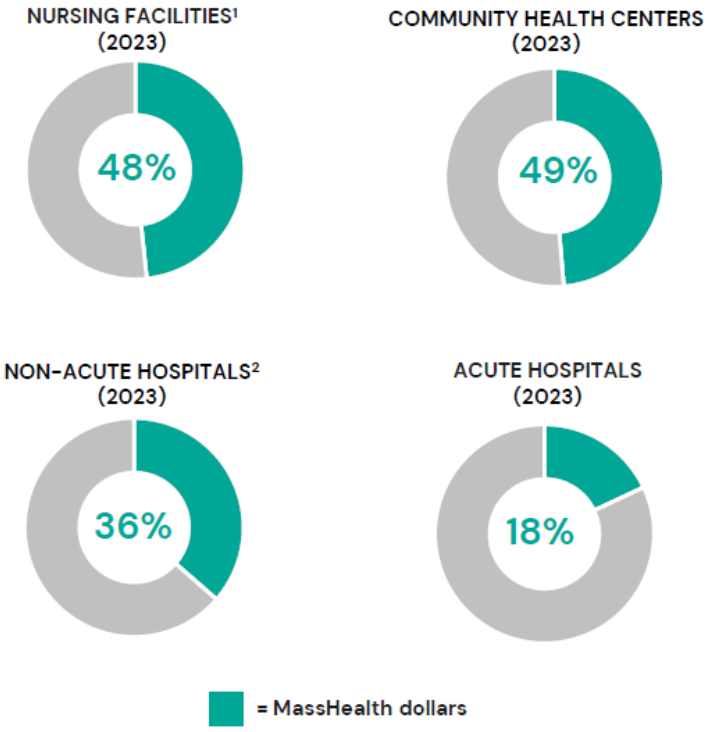
[1] Medicaid in this context includes MassHealth, and ConnectorCare premium and cost sharing subsidies; additional MassHealth 1115 waiver spending; and spending on some programs and facilities that serve people eligible for MassHealth and are administered by the Departments of Developmental Services, Mental Health, and Public Health, and MassAbility (formerly the Massachusetts Rehabilitation Commission).

Chart Data: N. Wagman. "What is the Actual Cost of MassHealth in State Fiscal Year 2025?" BCBSMA Foundation. May 2024.

DELIVERY SYSTEM & BROADER HEALTH CARE ACCESS IMPACTS

As people lose their coverage, hospitals, community health centers, and other providers will face increasing uncompensated care costs and reduced revenues from MassHealth.

MASSHEALTH REVENUE AS A PERCENTAGE OF PROVIDERS' TOTAL PATIENT REVENUES



EDITORIAL

One big disaster for Massachusetts health care

Approximately 326,000 Mass. residents are expected to lose insurance coverage under Trump's big tax and spending cuts bill.

By The Editorial Board Updated July 17, 2025, 4:00 a.m.

An ambulance departed Brigham and Women's Faulkner Hospital on Nov. 15, 2024. CRAIG F. W

The "One Big Beautiful Bill Act" will be one big disaster for Massa on it.

How big? Approximately 326,000 Massachusetts residents — alm

PLANET MONEY NEWSLETTER

LISTEN & FOLLOW

The hidden costs of cutting Medicaid

AUGUST 12, 2025 · 10:18 AM ET

By Emily Crawford

Amr Bo Shanab/Getty Images

With the passage of the big Republican tax and spending bill, the federal government is poised to reduce support for Medicaid and the insurance marketplaces established by the Affordable Care Act. The Congressional

[1] Medicaid revenue includes the following: Medicaid fee-for-service revenue, Medicaid Managed Care revenue, patient paid amount, Medicaid PACE and SCO revenue, and out-of-state Medicaid revenue.

[2] Includes spending for freestanding home health agencies primarily engaged in providing skilled nursing services in the home and other home-based supports.

MASSACHUSETTS FOUNDATION

QUESTIONS?

MASSACHUSETTS FOUNDATION

THANK YOU

Kaitlyn Kenney Walsh
Vice President Policy and Research
Blue Cross Blue Shield of Massachusetts Foundation
kaitlyn.kenneywalsh@bcbsma.com