

Summary of H.R. 1 Budget Reconciliation Package: Data Insights

On July 4, 2025, President Donald Trump signed into law the Republican budget reconciliation package H.R. 1, also referred to as the One Big Beautiful Bill (OBBB) Act. The law enacts sweeping changes to health care, tax, immigration, energy, and education policy. Among its most controversial provisions are an estimated \$1 trillion in reductions to the Medicaid program.

This summary covers the law's major health-related provisions that will have significant enrollment or financial implications for Missouri and the St. Louis region related to Medicaid, the Supplemental Nutrition Assistance Program (SNAP), the health insurance Marketplaces, private insurance, and Medicare. The final bill includes Medicaid work requirements, caps on state-directed payments, limits on provider taxes, and makes several technical revisions to reduce the impact on safety-net providers. It also includes a long-sought-after provision to expand and clarify the exclusion for orphan drugs under the Drug Price Negotiation Program. While the bill represents a major shift in federal spending policy, it avoids some of the more far-reaching structural changes that were initially under consideration.

Although included in the House version, notably absent from the final version of H.R. 1 were provisions to modernize and ensure pharmacy benefit manager (PBM) accountability, as well as those preventing the use of spread pricing in Medicaid. The bill also omitted a policy to prohibit federal Medicaid and CHIP funding for gender transition procedures for minors or adults, as well as a delay to Medicaid Disproportionate Share Hospital (DSH) reductions. With many of the dropped policies remaining a priority for members of Congress, there could be a push to address them through a separate legislative package or regulatory approach in the coming months.

The provisions below are included given the local impact analyses that were available on them. A summary of all key provisions from the bill are available in [this document](#).

Medicaid and CHIP:

Across all provisions, the approximate net reduction in enrollment over the next ten years is expected to be 130,000 individuals losing coverage, roughly 10% of the total enrolled population.¹ Estimates are that Missouri could lose an estimated 12% of its 10-year baseline federal spending on Medicaid over the next decade, totaling approximately \$18 billion.²

Provision	Implementation Date	Coverage and /or Financial Implications for St. Louis / Missouri
<i>Provider Taxes</i> - Retains the moratorium on new or increased provider taxes. For expansion states (e.g., MO), the existing 6% cap is reduced by 0.5 percentage points per year until the cap reaches 3.5%. This applies to provider taxes imposed by local units of government but exempts skilled nursing facilities and intermediate care facilities from this cap ramp down.	0.5 percentage point reduction begins in fiscal year (FY) 2028 and continues through FY 2032	Based on the current provider tax rate of 5%, Missouri can expect to see a reduction in funding of \$1.5B between 2029 and 2032 due to reductions in the provider tax rate. ³
<i>Work requirements</i> – Expansion and expansion-like adults ages 19-64 must complete 80 hours of qualifying activities for at least one month prior to application and again once enrolled for at least one month within every six-month period. The bill requires states to exempt certain groups and permits exemptions for those experiencing “short-term hardships.”	January 1, 2027	Projections for St. Louis-area FQHCs are approximate net coverage reduction of 15,000 eligible adults and lost revenue of \$15 million ⁴

¹ <https://shvs.org/resource/senate-passed-h-r-1-updated-estimates-on-impact-to-state-medicaid-coverage-and-expenditures-hospital-expenditures-including-impacts-by-congressional-district/>

² https://www.kff.org/medicaid/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-across-the-states-enacted-reconciliation-package/?utm_campaign=kff-medicaid&utm_medium=email&hsenc=p2anqtz-zm3lwumkl5wy2haxviaaes4e09yijxwjjzroomznoqveahlvn9mqj7soof2xs2eoftsce61g-s7aipaiw_kocyl4x0g&hsmi=369561629&utm_content=369561629

³ <https://www.stlpr.org/government-politics-issues/2025-06-17/big-beautiful-bill-could-wreak-havoc-on-key-funding-source-for-missouri-medicaid>

⁴ Data from proprietary FQHC impact analyses

<p><i>Of Note:</i></p> <ul style="list-style-type: none"> • Individuals who lose Medicaid due to this work requirement are banned from receiving subsidized Marketplace coverage. • States are prohibited from using Medicaid managed care plans and other contractors to assess compliance. • States can choose to implement earlier via a state plan amendment or 1115 waiver. • States can also delay these work requirements for two years with Secretary approval. 		
<p><i>Eligibility redeterminations</i> – Requires that states redetermine eligibility for adults enrolled through Medicaid expansion (or expansion-like section 1115 waivers) once every six months.</p>	<p>December 31, 2026</p>	<p>For St. Louis-area FQHC’s, there is an expected net reduction of coverage to 4,000 individuals and lost revenue of \$4M⁵</p>
<p><i>Rural Health Transformation Fund</i> – Establishes a \$50 billion fund for rural health care providers.</p>	<p>\$10 billion to states in each of FYs 2026-2030.</p>	<p>While this fund will provide \$50 billion to support healthcare in rural areas, many details are still to be finalized. The \$50 billion in the fund also represents only a little over 1/3 of the projected losses in federal Medicaid dollars for rural areas.</p> <p>Initial details indicate that CMS will distribute \$25 billion in funds “equally among all states with an approved application.”⁶</p> <p>CMS has broad discretion in distributing the other \$25 billion in funds, with the law requiring consideration of factors like share of a state population living in rural areas, share of rural health facilities, and the wellbeing of hospitals serving low-income patients with special needs but also allowing CMS to establish other parameters.</p>

⁵ Data from proprietary FQHC impact analyses

⁶ <https://www.kff.org/medicaid/issue-brief/a-closer-look-at-the-50-billion-rural-health-fund-in-the-new-reconciliation-law/>

Marketplace:

Provision	Implementation Date	Coverage and /or Financial Implications for St. Louis / Missouri
<p>Of Note: H.R. 1 does NOT extend the enhanced premium tax credits that began in 2021. This will lead to a significant increase in premiums and an estimated 4.2 million Americans losing coverage because of affordability issues.</p>	<p>Enhanced tax credits will end December 31, 2025</p>	<p>The expiration of the enhanced premium tax credits is expected to lead to significantly increased premium costs, with some estimates indicating 4.2 million individuals nationally dropping coverage over the next 10 years.⁷</p> <p>In Missouri, this could result in 72,000 individuals losing coverage over the next 10 years.⁸</p>

Supplemental Nutrition Assistance Program (SNAP)

Provision	Implementation Date	Coverage and /or Financial Implications for St. Louis / Missouri
<p><i>Work Requirements</i> - Tightens SNAP work requirements for able-bodied adults without dependents, expanding the age range to include individuals up to age 64 and extends the work requirements to parents whose youngest dependent child is 14 or older. This will result in more people needing to work or volunteer at least 20 hours per week or participate in training programs to maintain their benefits. Additionally, the ability of states to waive work requirements in areas with high</p>	<p>Implementation date is not outlined in H.R. 1, but expected to have a delayed effective date to allow time for the implementation of the new rules</p>	<p>Estimated net reduction of 37,000 SNAP recipients losing some or all SNAP benefits in the St. Louis area⁹</p>

⁷ <https://www.cbpp.org/research/health/by-the-numbers-harmful-republican-megabill-will-take-health-coverage-away-from#:~:text=Roughly%2015%20million%20people%20will,for%20people%20who%20receive%20them.>

⁸ <https://www.kff.org/affordable-care-act/state-indicator/marketplace-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

⁹ St. Louis Federal Reserve FRED data was used to estimate number of individuals enrolled in SNAP in Missouri / St. Louis, and Center for American Progress (CAP) data was used to estimate how many individuals may lose some or all SNAP benefits.

<https://fred.stlouisfed.org/series/CBR29189MOA647NCEN> ; <https://fred.stlouisfed.org/series/CBR29510MOA647NCEN> ; <https://www.americanprogress.org/article/the-cbo-confirms-the-devastating-harms-of-house-republicans-one-big-beautiful-bill-act/>

<p>unemployment will be limited to areas/counties with unemployment rates higher than 10%.</p> <p><i>Of Note:</i> The law does not exempt veterans, the homeless, or former foster youth from these work requirements</p>		
<p><i>Cost-Shift to States</i> - Establishes a new state match requirement for the cost of food benefits, with states potentially contributing up to 15% of the cost, depending on their payment error rates (States with error rates below 6% will be exempt from this cost-sharing requirement). Additionally, the state and county share of SNAP administrative costs will increase from 50% to 75% beginning in FY 2027. This shift in cost-sharing will likely pressure states to reduce or modify their SNAP programs.</p>	<p>Error rate state match begins in FY 2028</p> <p>State/County increase in share of admin costs begins in FY 2027</p>	<p>The cost-sharing burden for states will require Missouri to pay up to 15% of the total cost of benefits, leading to an additional \$180 to \$254 million dollars to maintain SNAP benefits at current levels.¹⁰</p>

Summary of the Impact of these Provisions:

Medicaid:

The Kaiser Family Foundation (KFF) estimates that H.R. 1 will reduce federal Medicaid spending by \$1 trillion and approximately 7.8 million people will lose coverage and become uninsured.

The five biggest sources of Medicaid savings in the law total to \$896 billion in savings, which is 87% of the total, and include:

- Mandating that adults who are eligible for Medicaid through the ACA expansion meet work and reporting requirements (\$326 billion),
- Repealing the Biden Administration’s rule simplifying Medicaid eligibility and renewal processes (\$167 billion),
- Establishing a moratorium on new or increased provider taxes and reducing existing provider taxes in expansion states (\$191 billion),
- Revising the payment limit for state directed payments (\$149 billion), and
- Increasing the frequency of eligibility redeterminations for the ACA expansion group (\$63 billion).

¹⁰ <https://mobudget.org/bbb-medicaid-snap/>

Approximately 130,000 Missourians are estimated to lose their Medicaid coverage due to H.R. 1. Additionally, the state is expected to lose between \$13 and \$21.1 billion in federal dollars for Medicaid over the next 10 years.

Marketplace:

Nationally, it is estimated that 8.2 million people will lose Marketplace coverage:

- 3.1 million due to changes in H.R. 1,
- 4.2 million due to the expiration of enhanced premium tax credits at the end of 2025, and
- 900,000 people due to Trump administration proposed ACA Marketplace integrity rules that were codified in H.R. 1.

In Missouri, conservative estimates indicate that these Marketplace policy changes could increase the uninsured population by over 72,000 people over the next 10 years.

SNAP:

H.R. 1 is projected to cut federal funding for SNAP by an estimated \$186 billion through 2034, which would be the largest cut to the program in history.

The cost-sharing burden for states will require Missouri to pay up to 15% of the total cost of benefits, leading to an additional \$180 to \$254 million dollars to maintain SNAP benefits at current levels.

In Missouri specifically, the changes to work requirements, extending the age range from 18-54 to 18-64, and adding conditions for parents with children 14 and older, could lead to benefit loss or reductions for an estimated 150,000 Missourians. Not only would this exacerbate our state's already troubling food insecurity rates, but food banks and pantries would see an increased demand for their services that they are unlikely to be able to meet.

Conclusion:

Combined, these changes will have devastating impacts on the most vulnerable populations in our community, our safety net provider health systems and health centers, public health departments, medical schools, and social service organizations. Because many of these changes are phased in over the ten-year period of the bill, there is still time to advocate for undoing some of these provisions. As further analysis is done on the state and regional level of these changes and how they will impact Missouri and the St. Louis region, the full picture of these impacts will become clearer over time. Collaborative planning and action related to these changes, inclusive of the communities that will be most impacted, is vital to minimizing the impact of H.R. 1 on low-income individuals and families across our state and region.