

# “One Big Beautiful Bill” Act (OB3): Key Health Care Provisions and Impacts in Massachusetts

DECEMBER 2025



# ABOUT THE BLUE CROSS BLUE SHIELD OF MASSACHUSETTS FOUNDATION



The mission of the Blue Cross Blue Shield of Massachusetts Foundation is to ensure equitable access to health care for all those in the Commonwealth who are economically, racially, culturally, or socially marginalized. The Foundation was founded in 2001 with an initial endowment from Blue Cross Blue Shield of Massachusetts. It operates separately from the company and is governed by its own Board of Directors.

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# 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:



“Without [MassHealth], we couldn’t survive.”



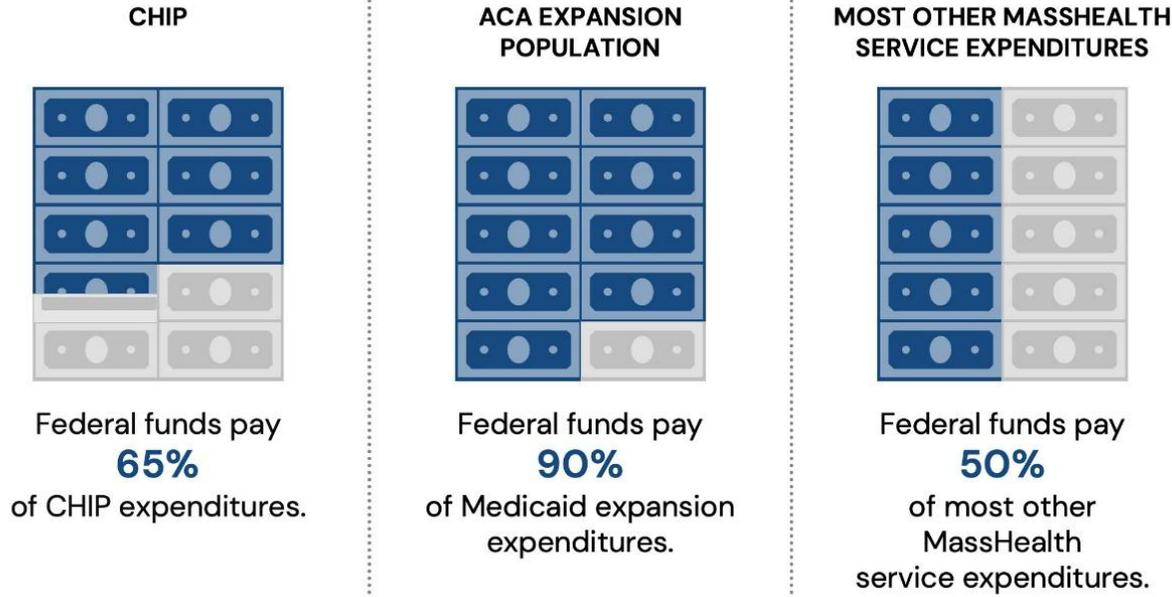
Photo by Kelly Davidson

Source: [MassHealth Basics Report, October 2025](#).

Note: These data are based on enrollment in state fiscal year (SFY) 2024.

# MASSHEALTH 101: PROGRAM SPENDING AND FEDERAL REVENUES

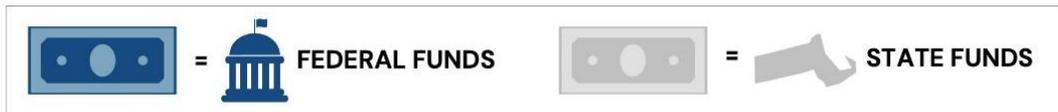
## FEDERAL AND STATE SHARES OF MASSHEALTH EXPENDITURES, TYPICAL LEVELS



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



**86%** of all federal revenue to Massachusetts comes from the MassHealth program

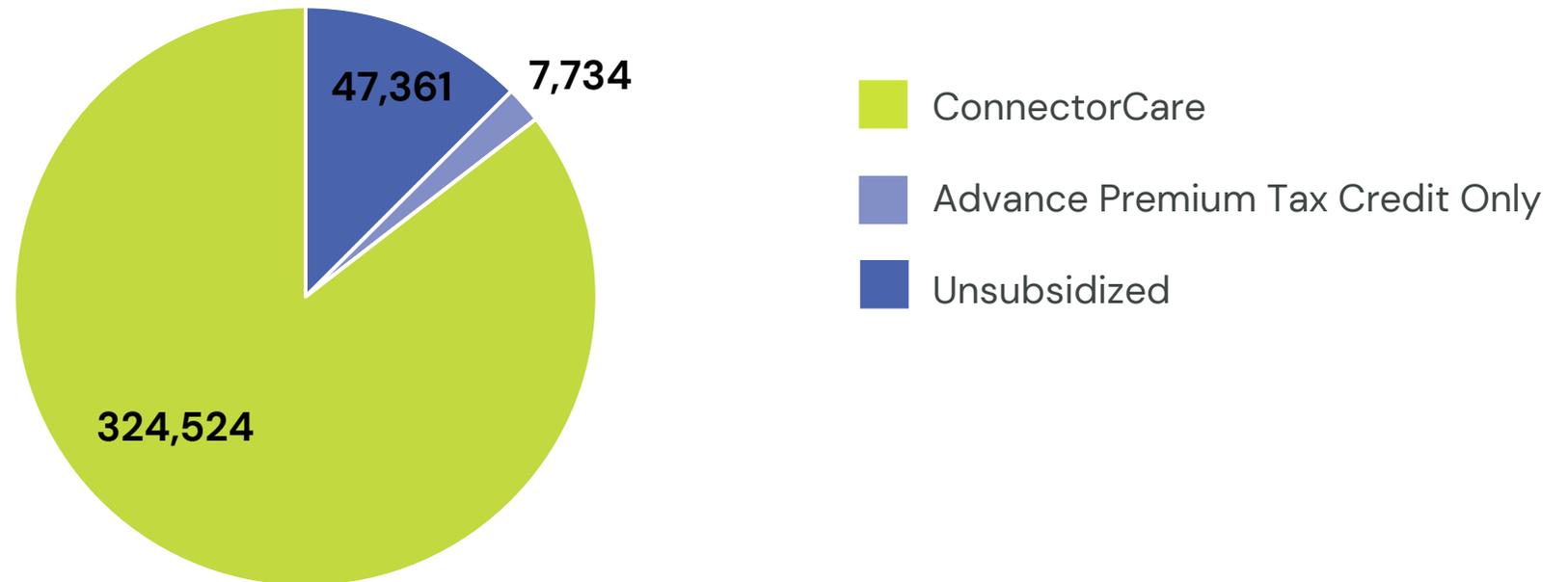


Source: MassHealth Basics Report, October 2024; What is the Actual State Cost of MassHealth in FY 2025; MassHealth Matters to Massachusetts.  
 Note: The federal revenue data are based on MassHealth program in the State Fiscal Year 2025 budget.

# MASSACHUSETTS HEALTH CONNECTOR: OVERVIEW

The Health Connector is Massachusetts' state-based health insurance marketplace and provides health insurance coverage to almost 400,000\* individuals and families in Massachusetts.

## Health Connector Enrollment by Program



Source: Health Connector Monthly Dashboard, November 2025.

\*Total enrollment does not include the 34,042 enrolled in "Individual Dental Only" as of November 2, 2025.

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# 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.

## Three Buckets of Health Care Cuts

**MEDICAID  
ELIGIBILITY**

**MEDICAID  
FINANCING**

**MARKETPLACE  
ELIGIBILITY**

# MEDICAID ELIGIBILITY CUTS: WORK REQUIREMENTS

Requires states to implement work reporting/community engagement requirements as a condition of Medicaid eligibility for certain adults ages 19 through 64.

## Individuals must report that they meet one of the following, per month:

- Work at least 80 hours;
- Complete at least 80 hours of community service;
- Participate in a work program of not less than 80 hours;
- Enroll in an educational program at least half-time; or
- Engage in any combination of these activities for at least 80 hours.



**Effective Date: January 1, 2027\*\***

\*The populations likely affected by work requirements 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.

## In Massachusetts, work 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 a pregnancy.

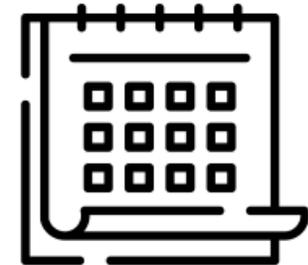
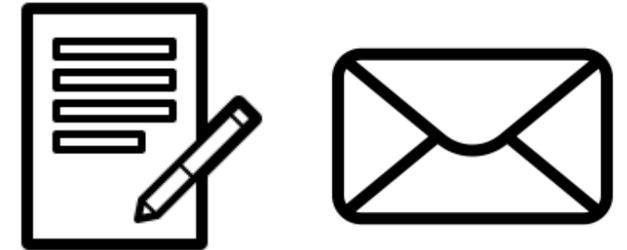
## Exempt categories include:

- Individuals who are medically frail or otherwise have special medical needs
- Veterans with disabilities
- Former foster youth under age 26

# MEDICAID ELIGIBILITY CUTS: SIX-MONTH REDETERMINATIONS

Requires states to redetermine Medicaid eligibility every six months, instead of every 12 months, for certain adults.

- In Massachusetts, this will primarily impact adults under 65 who do not have dependent children, and who are not enrolled in or applying for Medicaid on the basis of a disability or a pregnancy.\*
- CMS must issue guidance no later than December 31, 2025.



*Effective Date: January 1, 2027\*\**

\*The populations likely affected by 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.

\*\*For renewals scheduled on or after this date.

# MEDICAID ELIGIBILITY CUTS: IMMIGRANT COVERAGE RESTRICTIONS

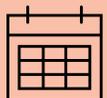
Eliminates Medicaid and CHIP eligibility for many lawfully present immigrants. As a result of this change, the state estimates **~2,500 people will lose their coverage**.

## Eligibility is restricted to the following:

- ✓ Lawful permanent residents (“green card” holders) – after 5 years
- ✓ Cuban and Haitian entrants
- ✓ Compact of Free Association (COFA) migrants lawfully residing in the United States
- ✓ At the state option, lawfully residing children and pregnant people

## Eliminates eligibility for:

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



*Effective Date: October 1, 2026*

# MEDICAID FINANCING CUTS: PROVIDER TAXES & STATE DIRECTED PAYMENTS

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:

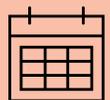
- Immediate moratorium on new or increased provider taxes.
- Requirement that expansion states with a current provider tax rate above 3.5% (except on nursing homes) reduce its tax starting in fiscal year 2028.\*^

## 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 – PART 1

Eliminates eligibility for subsidized coverage (APTC/ConnectorCare) for lawfully present immigrants with incomes under 100% of the federal poverty level (FPL) who do not qualify for MassHealth due to immigration status.

- In 2025, 100% FPL = \$15,650 annually for an individual and \$26,650 for a family of three.
- This change eliminates Plan Type 1 in ConnectorCare.
- As a result of this change, the state estimates that **36,000 people will lose their coverage.**



*Effective Date: January 1, 2026*

Source: [Health Connector Board of Directors Meeting](#), September 11, 2025.

# MARKETPLACE ELIGIBILITY CHANGES – PART 2

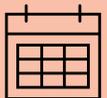
Eliminates eligibility for subsidized coverage for many lawfully present immigrants with income above 100% FPL. As a result of this change, the state estimates that **25,000–30,000 Health Connector members across income ranges (above 100% FPL) will lose subsidies.**

## Eligibility is restricted to the following:

- ✓ Lawful permanent residents (“green card” holders)
- ✓ Cuban and Haitian entrants
- ✓ Compact of Free Association (COFA) migrants lawfully residing in the United States

## Eliminates eligibility for:

- ✗ Refugees
- ✗ Individuals granted asylum
- ✗ Individuals with Temporary Protected Status
- ✗ All other types of lawfully present non-citizens



*Effective Date: January 1, 2027*

Source: Health Connector Board of Directors Meeting, September 11, 2025.

# MARKETPLACE ELIGIBILITY CHANGES (PENDING)

Enhanced Premium Tax Credits (EPTCs), established by Congress in 2021, deepened health insurance subsidies for people already eligible and expanded subsidies to people not previously eligible. Expiration of these enhanced tax credits will result in **significant premium increases** for some individuals and **elimination of subsidized coverage** through the Health Connector for others.

- Open enrollment has begun; Massachusetts residents have been receiving final eligibility notices, including premium information for 2026, that reflect elimination of these enhanced subsidies.
- People with income above 400% FPL will **no longer qualify for subsidized coverage; this is ~ 26,000 current Health Connector members.**
- People with income up to 400% FPL will still qualify for subsidized coverage, but the **subsidies will be smaller, and people will need to determine if coverage is affordable for them.**



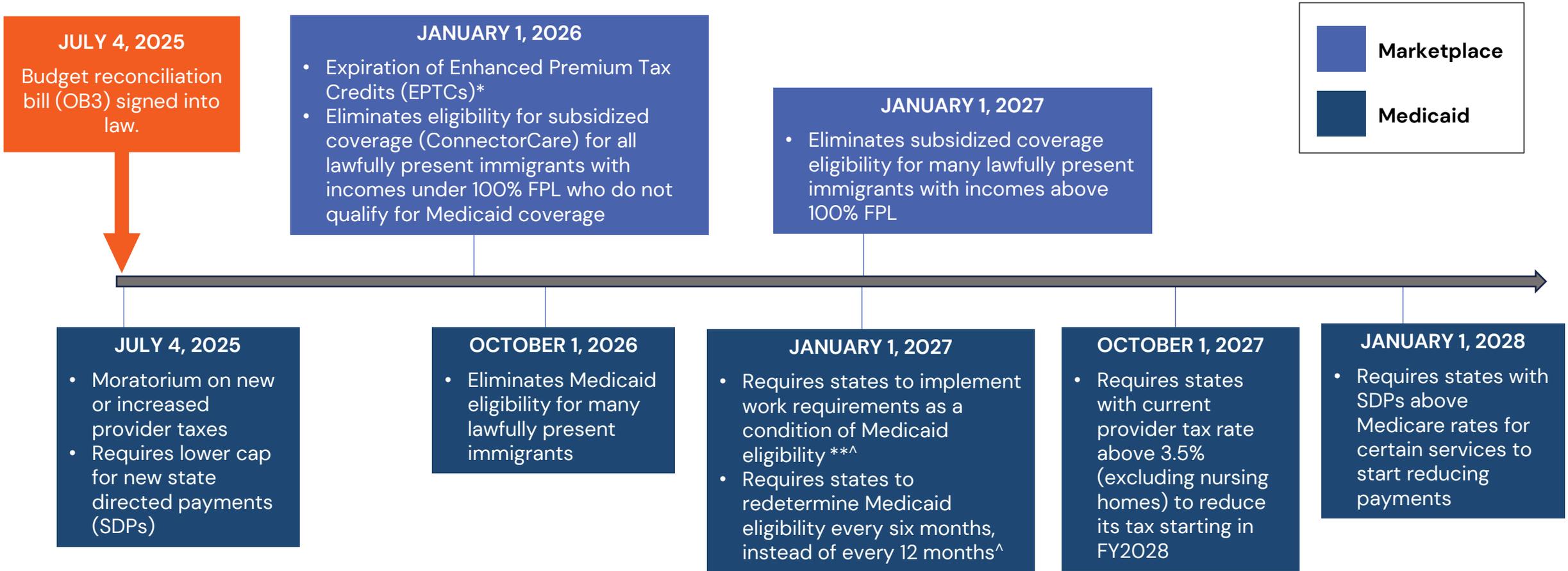
*Photo by Craig F Walker/Boston Globe*



EPTCS expire January 1, 2026, unless extended

Source: [The Impact of Enhanced Premium Tax Credits in Massachusetts](#). September 2025.

# IMPLEMENTATION TIMELINE FOR KEY OB3 PROVISIONS



\*Unless extended by Congress.

\*\*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.

^ In Massachusetts, 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.



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# IMPACTS OF OB3 IN MASSACHUSETTS

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# 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

**Six-Month Redetermination and Work Requirements: Impacts on Health Coverage in Massachusetts**

SEPTEMBER 2025

MASSACHUSETTS FOUNDATION | URBAN INSTITUTE

Matthew Buettgens  
Jameson Carter  
Jessica Banthin  
Urban Institute

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

August 27, 2025 By [Martha Behinger](#)



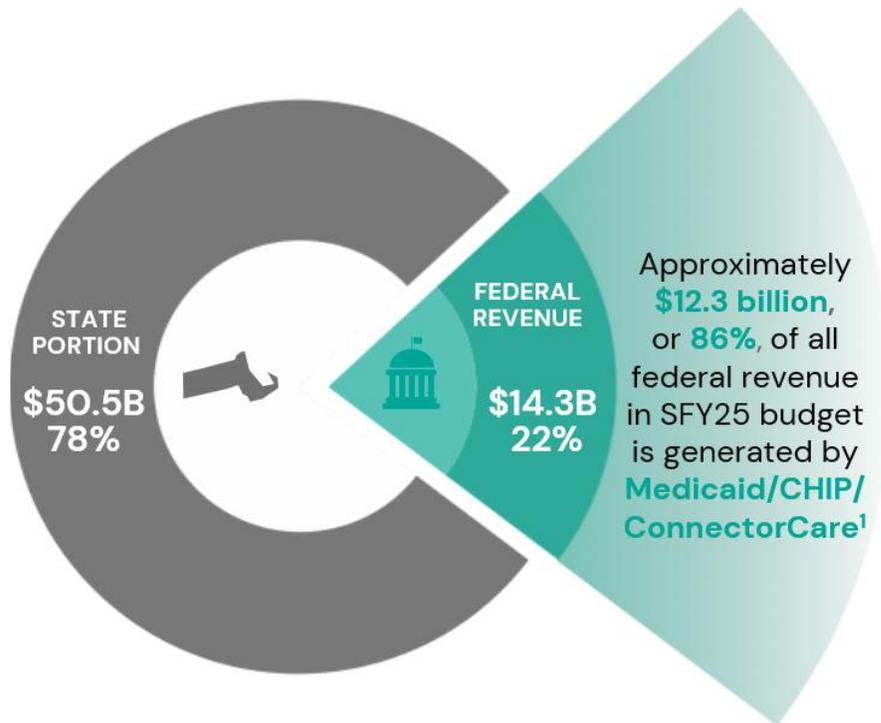
U.S. Speaker of the House Mike Johnson addresses the media after the House narrowly passed a bill forwarding President Trump's agenda at the U.S. Capitol on May 22. (Kevin Dietsch/Getty Images)

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 OB3 are in place.

## MASSACHUSETTS STATE BUDGET (\$64.8 BILLION), SFY 2025



- Federal revenues supply a little under one-quarter (22%) of the funding for the state budget and **86% of that federal revenue is generated by Medicaid.**
- The lost federal health care revenue from OB3 will not only impact Massachusetts' subsidized coverage programs but may also create added challenges for Massachusetts' overall state budget.

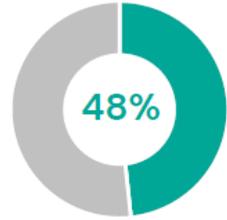
<sup>1</sup> Medicaid in this context includes MassHealth, and ConnectorCare premium and cost sharing subsidies; additional MassHealth 1115 waiver spending; and spending on some programs and facilities that serve people eligible for MassHealth and are administered by the Departments of Developmental 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

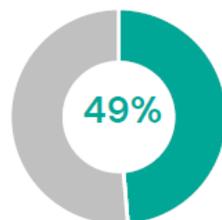
As people lose their coverage, hospitals, community health centers, and other providers will face increasing uncompensated care costs and reduced revenues from MassHealth.

## MASSHEALTH REVENUE AS A PERCENTAGE OF PROVIDERS' TOTAL PATIENT REVENUES

NURSING FACILITIES<sup>1</sup>  
(2023)



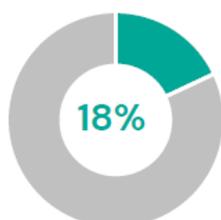
COMMUNITY HEALTH CENTERS  
(2023)



NON-ACUTE HOSPITALS<sup>2</sup>  
(2023)



ACUTE HOSPITALS  
(2023)



 = MassHealth dollars

- MassHealth represents a **significant portion of health care providers' revenues**.
- A decrease in Medicaid spending will translate to **decreased revenues for these providers**.
- As more people without health care coverage seek emergency services and other care, many providers will face **increased uncompensated care costs**.
- Providers may have to make tough choices around keeping a site open, paying their staff (including clinicians), or continuing to offer a service.
- **These impacts will be felt by everyone who use health care services, not just those served by Medicaid.**

<sup>1</sup> 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.

<sup>2</sup> Includes spending for freestanding home health agencies primarily engaged in providing skilled nursing services in the home and other home-based supports.



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