



# The One Big Beautiful Bill & Medicaid

North Carolina General Assembly  
Joint Legislative Oversight Committee

on Medicaid

January 13, 2026

Les Ford,  
Senior Fellow



# The Alliance is a project of:

GEORGIA  
— CENTER FOR —  
OPPORTUNITY



Texas Public  
POLICY FOUNDATION



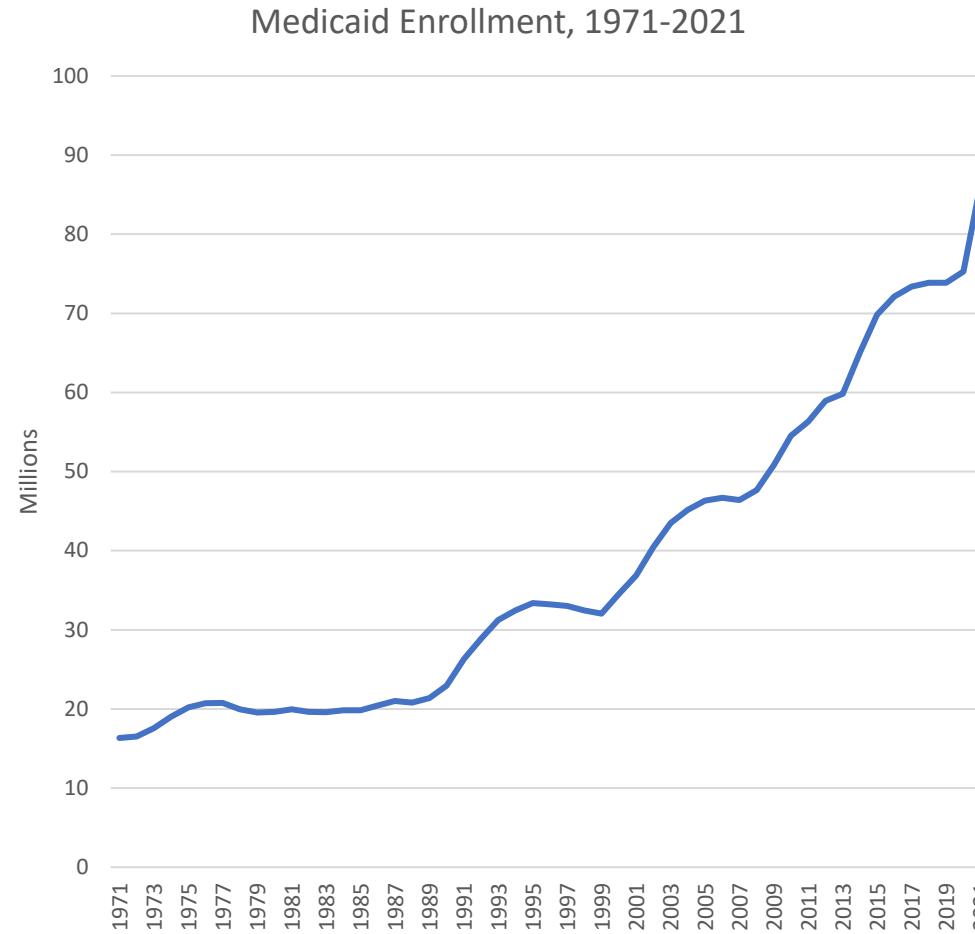
EMPOWER  
MISSISSIPPI  
★ FREEOPP



# Major Medicaid OBBA Changes

- 1. Work Requirements:** States will have to implement a Medicaid work requirement.
- 2. Eligibility:** States must check new sources of data for eligibility.
- 3. State-Federal Funding Changes:** States will have a greater funding share for the expansion population.

# Why add Work Requirements In Medicaid?

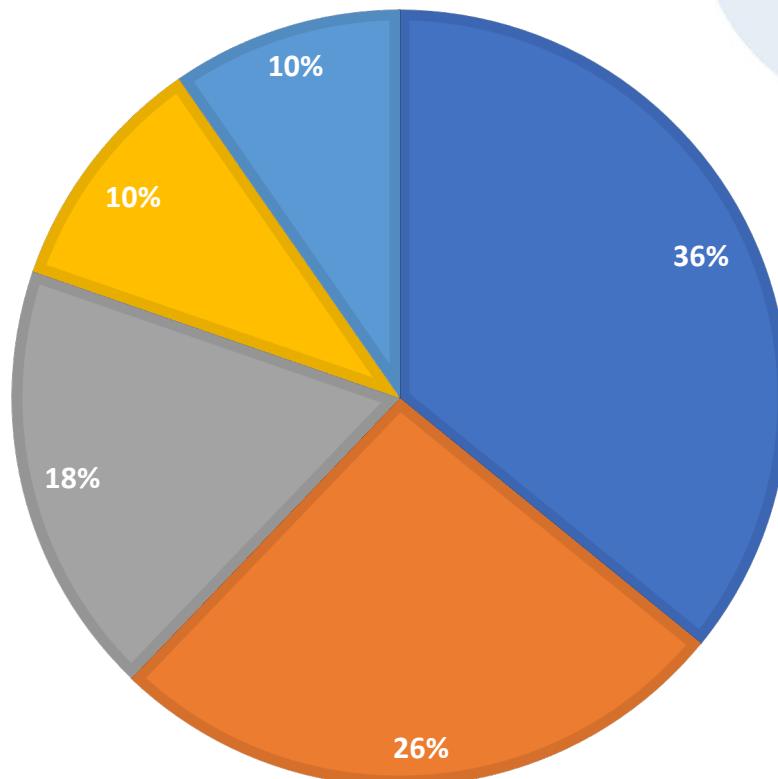


Nearly 1 in 4  
Americans  
are on the  
program.

**Expansion  
Enrollees are the  
largest driver of  
enrollee growth**

NATIONAL MEDICAID HOUSEHOLD MAKE-UP

■ Child ■ Expansion Adults ■ Parents, Caretakers, Pregnancy ■ Disabled ■ Aged



# Who will have to go to work?

- **Work Capable:** Able-bodied adults with children 14-years and older. **Doesn't include the elderly, disabled, or children.** It also excludes the medically frail, special needs, those participating in substance abuse, alcoholic, or rehab programs, and those who meet the SNAP or TANF work requirements.
- **20 hours/Week:** Beneficiaries can comply with **20 hours a week** of work, training, education, or volunteering.
- **2027:** States have until **January 1, 2027**, to stand up their compliance. CMS will be issuing an interim final rule in June 2026.

# What are the Eligibility Changes?

- **Illegal aliens (Oct. 1, 2026):** Only citizens, lawful permanent residents, Cuban and Haitian immigrants, and COFA individuals.
- **Addresses (Jan. 1, 2027):** States will be required to check addresses to ensure beneficiaries are not enrolled in more than one state. HHS will stand up a data check by 2029.
- **Six-Month Redeterminations (Jan. 1, 2027):** States will have to check expansion enrollees every six months.
- **Social Security Cross-Check:** Beneficiaries (Jan. 1, 2027) and providers (Jan. 1, 2028) will be checked against SSA death data.
- **Asset Check (Jan. 1, 2028):** New long-term services asset limit for homes over \$1 million

# State Funding Changes...

- **Provider Taxes:** Freezes taxes and requires uniformity within three years. Caps taxes to 6% by Oct. 1, 2026, and rachets down .5% annually until **3.5% by 2032.**
- **State Directed Payments Cap:** SDPs are Medicaid payments to providers. This creates a cap at 100 percent of the total published Medicare rate for expansion states and 110 percent for non-expansion states. Phases down old SDPs by 10 percentage points per year, starting in 2028. Exempts some rural payments and those with previous HHS approval.
- **Error Rate FMAP Reduction (Oct. 1, 2029):** If a state has an erroneous excess payments over 3%, the Secretary is required to recoup federal funds for erroneous payments over that threshold.
- **Illegal Aliens FMAP (Oct. 1, 2026):** Lowers the expansion FMAP for emergency Medicaid for illegal aliens from 90 percent to the traditional match rate.

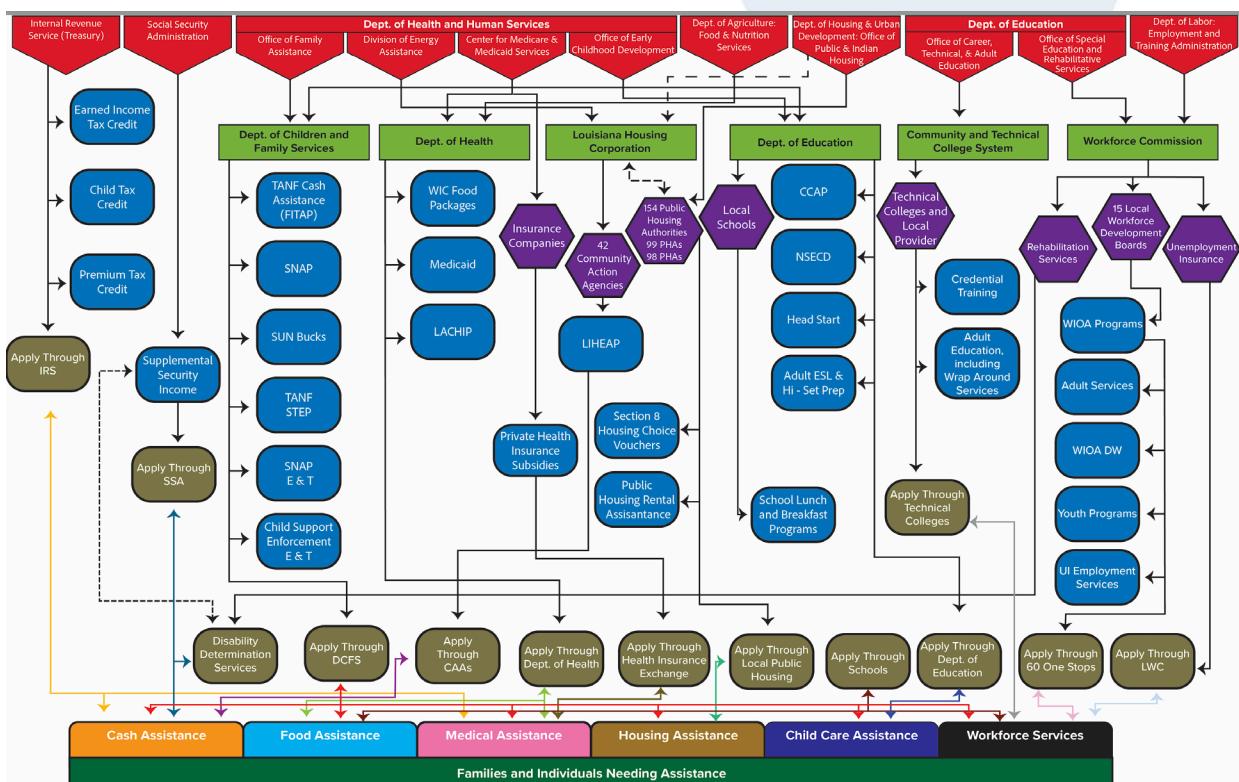
# State Funding Better News

- **1115 Budget Neutrality (Jan. 1, 2027):** States meet budget neutrality, based on previous year's implementation.
- **Beneficiary Cost Sharing (Oct. 1, 2028):** Creates a modest cost sharing requirement, up to \$35 per incident capped at 5 percent of income, for expansion adults with incomes above 100 percent FPL individuals
- **Rural Hospital Transformation Fund (Jan. 1, 2026):** \$50 billion over 5 years. First \$25 billion is guaranteed. Second is based on the state plan. North Carolina received the first distribution of **\$213,008,356**.
- **Retroactive Costs (Jan. 1, 2027):** Changes state retroactive coverage from three months to one month before enrollment.

# Final things to think about:

# 1. Address all safety net and workforce.

## 2. Track outcomes





## Contact Information

Les Ford,  
Senior Fellow

[Les@fordpolicy.com](mailto:Les@fordpolicy.com)

626.841.3655