Overview of the One Big Beautiful Bill Act (OBBBA) for Long Term Care Providers in Kansas

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Provider Taxes (Nursing Home Bed Tax) – Effective: July 4, 2025

- **Section 71115** gradually lowers the federal cap on allowable provider taxes for *Medicaid expansion states* from 6% to 3.5% of net patient revenue by FY2032, while *non-expansion states* (like Kansas) may keep their existing rates if they were in compliance at the time of enactment but cannot create new taxes on certain provider classes after enactment.

- **Section 71117** tightens the rules for federal waivers of uniformity in provider taxes by explicitly prohibiting tax structures that favor providers with lower Medicaid volumes, closing loopholes that allowed states to design taxes to disproportionately benefit Medicaid providers.

Impact to Kansas LTC Providers: The current provider tax rate in Kansas will be frozen at its existing percentage, and the state's tiered assessment structures should not be targeted under the new rules—as long as Kansas makes no changes to the assessment, operations can continue as usual for LTC providers under the existing federal waiver.

State Directed Payments (SDPs) – Effective: January 1, 2028

- **Section 71116** caps state-directed Medicaid payments for services provided through managed care at 100% of Medicare rates for expansion states and 110% for non-expansion states, starting with rating periods after enactment. States with payments approved (or submitted in good faith) before May 1, 2025—or for rural hospitals—will see a gradual 10 percentage point annual reduction beginning January 1, 2028 until they reach the new caps.

Impact to Kansas LTC Providers: Long-term care providers in Kansas are not currently included in state-directed payment arrangements, but hospitals are—and they will see a significant decrease in these payment rates under this provision. While there may not be a direct financial impact on LTC providers, they may experience indirect effects through challenges in care coordination and hospital discharge planning as hospitals adjust to reduced reimbursement.

Rural Health Transformation Program – Effective: January 1, 2026

- **Section 71401** creates a $50 billion, five-year grant program (2026–2030) for states to improve rural health care access, outcomes, infrastructure, technology, and workforce through a CMS-administered Rural Health Transformation Program, without requiring a state match. States must apply by December 31, 2025, with detailed rural health plans, and use funds on at least three eligible activities—ranging from care delivery modernization and clinician recruitment to behavioral health access and technology adoption.

Impact to Kansas LTC Providers: While the funding is not specifically directed to long-term care providers, Kansas could include LTC facilities in its state transformation plan. If the state applies and receives funds, LTC providers may benefit indirectly through improved hospital partnerships, workforce investments, technology upgrades, and better rural care infrastructure.

Long Term Care Staffing Mandate Pause – Effective: July 4, 2025-September 30, 2034

- **Section 71111** places a 10-year moratorium (through September 30, 2034) on the implementation, administration, or enforcement of the federal minimum staffing standards rule for long-term care facilities published by CMS on May 10, 2024. The moratorium specifically blocks changes to Sections 483.5 and 483.35 of the Code of Federal Regulations, which define staffing definitions and requirements for nurse staffing levels.

Impact to Kansas LTC Providers: Kansas long-term care providers will not be subject to the federal minimum staffing mandate until at least 2034, preserving current staffing flexibility and avoiding potential penalties or costly workforce requirements during the moratorium period. However, this moratorium does not apply to the enhanced facility assessment requirements or the Medicaid payment transparency provisions for states—those parts of the rule will still move forward and may impact providers and state reporting obligations.

Modifies Retroactive Eligibility Under Medicaid & CHIP – Effective: January 1, 2027

- **Section 71112** reduces the retroactive Medicaid coverage period from 3 months to 2 months for most applicants, and to 1 month for those enrolled through Medicaid expansion, starting with applications made on or after January 1, 2027. The same limitation applies to CHIP and pregnancy-related assistance, meaning retroactive coverage under those programs will also be capped at 2 months before the application month.

Impact to Kansas LTC Providers: This change could result in more uncovered days at the beginning of a resident's stay if Medicaid applications are delayed, potentially increasing uncompensated care and financial risk for Kansas long-term care providers—particularly those serving individuals who seek retroactive coverage after admission. Providers will need to encourage residents and families to submit initial Medicaid applications as early as possible, even if all documentation isn't ready, and complete the paperwork afterward. LeadingAge Kansas will develop and distribute best practice guides to assist providers and our partner organizations that help residents with Medicaid applications.

Sunsets Increased FMAP Incentive to Expand Medicaid – Effective: January 1, 2026.

- **Section 71114** sunsets the increased Federal Medical Assistance Percentage (FMAP) incentive tied to Medicaid expansion. Since Kansas has not expanded Medicaid, the state will not receive this enhanced FMAP incentive if it does not begin expending funds on expansion populations prior to January 1, 2026.

Impact to Kansas LTC Providers: For Kansas long-term care providers, this means there is no direct impact on current payment rates or reimbursement related to this sunset.

Section 1115 Demonstration Waiver Budget Neutrality – Effective for Newly Enrolled: July 4, 2025 & Effective for Already Enrolled: January 4, 2027

- **Section 71118** requires that all new, renewed, or amended Medicaid Section 1115 demonstration projects be certified as budget neutral by the CMS Chief Actuary, starting in 2027. In short, states must prove these waivers will not increase federal Medicaid spending.

Impact to Kansas LTC Providers: Kansas does not currently operate a Section 1115 waiver that significantly affects long-term care. However, this change could limit Kansas's flexibility to design or expand Medicaid pilots or initiatives that benefit aging services or long-term care providers—especially if those pilots require upfront investment or deliver long-term savings that are difficult to quantify. However, this should not impact the Medicaid add-on payments approved by the Kansas Legislature for FY 2024, FY 2025, and FY 2026, as those payments were implemented through state plan amendments and not through the Section 1115 waiver process. Kansas long-term care providers should not expect changes to those legislative appropriations due to this provision.

Medicaid Provider Screening Requirements – Effective: January 1, 2028.

- **Section 71105** requires states, beginning January 1, 2028, to check the federal Death Master File at least quarterly to ensure that Medicaid-enrolled providers or suppliers are not deceased. This check must also be part of enrollment, reenrollment, or revalidation processes.

Impact to Kansas LTC Providers: This provision will add administrative steps for KanCare, which could indirectly impact the timeliness of Medicaid processing due to existing staffing challenges within the state agency. However, it does not create any direct requirements or changes for providers themselves.

Verifying Medicaid Enrollee Information – Effective: January 1, 2028

- **Section 71103** requires states to implement processes to prevent individuals from being enrolled in Medicaid or CHIP in more than one state at the same time. It mandates a national system for data sharing and cross-checking enrollment information, including regular address verification through reliable sources like the USPS and managed care plans, beginning in 2027 (for addresses) and 2029 (for cross-state enrollment prevention).

- **Section 71104** requires states to perform quarterly checks of Medicaid enrollees against the federal Death Master File beginning in 2027, to ensure deceased individuals are disenrolled and payments cease. States must also create a process for reinstating coverage if someone is mistakenly removed.

Impact to Kansas LTC Providers: These changes will increase administrative responsibilities for KanCare, potentially impacting the timeliness of Medicaid application processing, eligibility renewals, and disenrollment of deceased individuals due to staffing constraints within the state agency. While there are no direct new requirements for providers, they may experience indirect effects such as delays in coverage approvals or claims processing. Providers should be prepared to help residents and families respond promptly to address verification or enrollment issues to avoid coverage interruptions.

Prohibits Implementation of Rules Simplifying Eligibility and Enrollment – Effective: July 4, 2025

- **Sections 71101 & 71102** place a 10-year moratorium on the implementation of two major federal rules aimed at streamlining Medicaid, CHIP, Basic Health Program, and Medicare Savings Program eligibility and enrollment processes.

Impact to Kansas LTC Providers: Kansas long-term care providers will see no immediate changes to current eligibility or enrollment procedures for Medicaid or Medicare Savings Programs due to the delay in implementing these federal rules.

Home Equity Limits for Medicaid Enrollees – Effective: January 1, 2028.

- **Section 71108** revises the home equity limit used to determine Medicaid eligibility for long-term care services by allowing states to increase the limit up to $1,000,000 for non-agricultural homes, effective January 1, 2028. It clarifies that states must apply this home equity limit when determining eligibility for nursing facility and other long-term care services under Medicaid.

Impact to Kansas LTC Providers: Kansas currently has a home equity limit near $700,000, which is below the new federal cap of $1,000,000. This federal update provides Kansas with flexibility to adjust the limit over time to better reflect cost of living and other economic factors, but no immediate changes are required. Providers should monitor any state adjustments as they could influence Medicaid eligibility and service demand in the future.

Restrict Program Eligibility for Certain Non-Citizens – Effective: October 1, 2026

- **Section 71109** restricts Medicaid payment eligibility for aliens starting October 1, 2026, so that federal Medicaid funds will only be available for individuals who are U.S. citizens, nationals, lawful permanent residents, certain Cuban and Haitian entrants, or individuals lawfully residing under a Compact of Free Association. It similarly updates CHIP to align with these Medicaid eligibility restrictions.

Impact to Kansas LTC Providers: This change could affect some non-citizen residents' eligibility for Medicaid-covered long-term care services in Kansas. Providers may need to be aware of these eligibility criteria when assisting residents with Medicaid applications and plan accordingly for potential changes in coverage status.

Medicaid Community Engagement (Work Requirements) – Effective: January 1, 2027

- **Section 71119**: Requires states to establish community engagement requirements for certain Medicaid beneficiaries starting after December 31, 2026. Eligible individuals must demonstrate activities such as working, volunteering, participating in education or work programs for at least 80 hours per month as a condition of Medicaid eligibility. The law includes multiple exemptions (e.g., medically frail, caregivers, veterans, pregnant individuals) and hardship exceptions (e.g., hospitalization, disasters). States must verify compliance, provide notices, and offer fair hearing rights. States cannot waive this requirement but may request a limited exemption if demonstrating good faith efforts. The law also provides substantial federal grant funding to support states in implementing the new requirements.

Impact to Kansas LTC Providers: This provision establishing community engagement requirements is unlikely to impact the majority of populations served in long-term care, as most individuals receiving these services either meet the age threshold of 65 or older, or qualify as medically frail due to significant disabilities, complex medical conditions, or functional impairments. Therefore, they should be exempt from these requirements under the medically fragile definitions included in the legislation.

Home and Community Based Services Flexibilities – Effective: July 1, 2028

- **Section 71121** expands Medicaid home and community-based services (HCBS) coverage by allowing states to obtain standalone 1915(c) waivers to provide HCBS without requiring institutional level-of-care determinations for certain populations, starting July 1, 2028. It sets strict state requirements to ensure that expanded eligibility is needs-based, prevents increased wait times for existing waiver populations, and requires states to demonstrate that per capita costs for these services do not exceed costs of institutional care.

Impact to Kansas LTC Providers: This provision offers greater flexibility to expand HCBS coverage to more individuals who may not meet traditional institutional care criteria but still need support in the community, helping address growing demand and preference for home-based care. The cost controls and data reporting requirements help maintain fiscal responsibility while promoting person-centered care options. Providers and associations will have to work with the state agencies to draft proposals.

One Percent Floor on Deduction of Charitable Contributions Made by Corporations – Effective Tax Years After: December 31, 2025.

- **Section 70426** introduces a 1-percent minimum floor on the deductibility of charitable contributions made by corporations. Under the amended rules, corporations can only deduct charitable contributions to the extent they exceed 1% of their taxable income for the year, and up to a maximum of 10%. Contributions below the 1% threshold are not deductible. Additionally, contributions that exceed the 10% limit can be carried forward for up to five years, with specific ordering rules and limits to prevent reducing taxable income in a way that increases net operating loss carryovers.

Impact to Kansas LTC Providers: Many long-term care providers operate as nonprofit organizations or smaller foundations with limited financial resources. Because of the new 1% floor on corporate charitable contribution deductions, some smaller providers may experience challenges in attracting charitable donations, providers with established corporate partnerships or those able to engage larger donors may benefit from increased charitable giving motivated by this new tax provision.

Student Loan Caps and Eliminations – Majority of Provisions Effective Date: July 1, 2026; some later July 1, 2027 and July 1, 2028

- **Overview:** Eliminates Graduate and Professional PLUS loans beginning July 1, 2026, and caps borrowing for graduate students at $100,000 and for professional students (e.g., medical, law) at $200,000. It also limits Parent PLUS loans to a $65,000 lifetime cap per dependent student and consolidates repayment into two plans—standard and income-based—applicable only to loans made on or after July 1, 2026.

Impact to Kansas LTC Providers: These changes could reduce the number of graduate-level healthcare professionals (like nurse practitioners, geriatricians, and administrators) entering the workforce, particularly affecting small, rural long-term care providers already struggling with workforce shortages. At the same time, providers can capitalize on the new *Workforce Pell Grant* (starting July 1, 2026) to support pipeline development for practical nurses, CNAs, and other non-degree credentials that qualify for these short-term training grants.

Supplemental Nutrition Assistance Program (SNAP) – Effective Date for Work Restrictions: January 1, 2027; Effective Date for Error Rates: FY 2028

- **Overview:** Revises SNAP work requirements by expanding exemptions and raising the age cap for Able-Bodied Adults Without Dependents, reduces federal reimbursement for state SNAP administrative costs, tightens certain benefit calculations, restricts SNAP eligibility for some non-citizens, and ends obesity prevention grants after FY 2025.

Impact to Kansas LTC Providers: Seniors 65+ receiving SNAP benefits may face changes in utility allowances and eligibility that could affect their food security, potentially increasing their reliance on provider meal programs or food assistance. Providers that offer these services may see increased demand and should prepare by assessing resources, expanding nutrition support, and coordinating with local agencies to help residents maintain access to benefits amid tighter program rules. Workforce impacts from stricter work requirements and reduced food assistance eligibility may also indirectly affect staffing stability.

Tax Related Provisions – Effective Date: January 1, 2026

Overview: The enrolled budget bill (H.R. 1) includes significant tax cuts aimed at reducing individual and business tax rates. These cuts lower federal tax collections by shrinking the overall revenue base. While the bill does not directly target Medicaid funding, the reduced tax revenue contributes to tighter federal budgets and potential constraints on discretionary and mandatory spending programs, including Medicaid.

Impact to Kansas LTC Providers: Such funding pressures may limit resources for various service providers across Kansas over time, with potential trickle-over effects on funding for aging services and long-term care. However, the full impact is still uncertain and will require ongoing monitoring to assess how these changes ultimately affect the availability and quality of care for older adults and other vulnerable populations.