Table of Major Provisions in the One Big Beautiful Bill Act (OBBBA) That Could Impact EMS

Issue/Provision (Effective Date)	Potential Impact on EMS	Recommended Actions
Reduction in Medicaid enrolled beneficiaries through: • Work ("Community Engagement") requirement (December 31, 2026) • Eligibility limitations based on immigration status (October 1, 2026) • More frequent Medicaid re-eligibility redeterminations (December 31, 2026) • Reduced retroactive eligibility from 90 days to 30 days (January 1, 2027)	Could lead to an increased number of uninsured if persons fail to demonstrate meeting work requirements or requirements of eligibility redeterminations and are disenrolled from Medicaid coverage. Patient payer mix shift from Medicaid to uninsured, beginning in late 2026.	• Understand your current payer mix and how much revenue your agency receives from Medicaid. • Work with state officials, municipalities, and research organizations that may be doing local modeling of the anticipated loss of coverage and increase in the number of uninsured. • Conduct economic modeling of loss of anticipated Medicaid payer mix shift to uninsured. Educate policymakers on the potential financial impact on service availability. • Inquire if State policymakers can substitute state funding to help cover the emergency costs of serving individuals losing federal coverage. • Consider alternate system funding and design options for economic sustainability. Discuss replacement funding with municipal and local government officials. • EMS agencies can participate in State Medicaid campaigns to help people maintain eligibility through proper documentation of work requirements and eligibility redeterminations. • Ensure that eligibility verifications are done early and often, and that vendor applications can query eligibility databases continuously and in real time. • Improve clinician capture of insurance information in the field at the time of service. • Consider state legislation to reimburse EMS agencies for bad debt from serving the uninsured.

Issue/Provision (Effective Date)	Potential Impact on EMS	Recommended Actions
Medicaid Cost Sharing/Co-Pays: Requires states impose cost sharing on Medicaid expansion adults with incomes over 100 percent of the Federal Poverty Level (FPL). Cannot exceed $35 per service or five percent of the individual's income. (October 1, 2028)	Will likely reduce Medicaid reimbursement through non-payment of patient co-pay, beginning in late 2028.	• Monitor State development of plans to implement co-pays. • Conduct economic modeling of loss of anticipated decreases in Medicaid reimbursement. • Work with the State Medicaid Agency to try and implement automated processes to collect co-pays. • Consider state legislation to reimburse EMS agencies for bad debt.
Moratorium on new Provider Tax Programs: Freezes current programs and prohibits states from establishing any new provider taxes or from increasing the rates of existing taxes. (Upon Enactment)	States preparing to increase or implement new taxes to fund a supplemental payment program (i.e.: GEMT) may no longer be able to secure that revenue.	• Conduct economic modeling of loss of anticipated Medicaid supplemental payment programs. Educate policymakers on the potential financial impact on service availability. • Consider alternate system funding and design options for economic sustainability, Discuss replacement funding with state, municipal, and local government officials.

Issue/Provision (Effective Date)	Potential Impact on EMS	Recommended Actions
Reimbursement Cap on State Directed Programs: Reduction to state directed payments to 100% of the total published Medicare payment rate for states that have adopted the Medicaid expansion and 110% of the total published Medicare payment rate for states that have not adopted the expansion. (Upon Enactment (2028 for some programs)) *Certain payments are grandfathered and will be reduced over time beginning January 1, 2028.	May reduce GEMT supplemental payments to the Medicare Allowable fee.	• Conduct economic modeling of Medicaid supplemental payment programs decreased to Medicare allowable. Educate policymakers on the potential financial impact on service availability. • Consider alternate system funding and design options for economic sustainability.
Provider Tax Safe Harbor: Reduction of the size of permissible provider taxes to fund current SDP programs from 6% to 3.5%. (2028 – 2032)	Federal Medicaid funding reduced over time. May lead to a reduction in ambulance supplemental payment programs due to lower state matching funds.	• Learn about your State's provider tax programs, whether they exceed the provider tax safe harbor, and in what year reductions would begin. • Work with State Medicaid agencies to evaluate / model what reductions in Provider Tax contributions might look like.

Issue/Provision (Effective Date)	Potential Impact on EMS	Recommended Actions
Limits on ACA Exchange Enrollment • Shortens enrollment window • Removes automatic re-enrollment • Limits eligibility • Removes premium tax advantage and subsidies (2025 - 2027)	May lead to a change in payer mix from commercially insured through the Exchange to uninsured, or Medicaid.	• Work with state officials, municipalities, and research organizations that may be doing local modeling of the anticipated loss of coverage through the exchange. • Conduct economic modeling evaluating payer mix changes from commercial insurance to uninsured. Educate policymakers on the potential financial impact on service availability. • Consider alternate system funding and design options for economic sustainability.
Rural Health Transformation Program Establishes a rural health transformation program that will provide $50 billion in grants to states to support rural hospitals and health systems through infrastructure modernization, care coordination grants, and payment model reforms aimed at sustainability. (2026 – 2030)	Potential for funds to assist EMS?	• Discuss potential for Rural EMS systems to partner with rural hospitals for funding under this provision.

Governors and State Legislators are actively considering scheduling special sessions and other activities to act on the most immediate impact of H.R. 1 on state Medicaid funding. The state budget implications of H.R. 1 will likely be one of the biggest issues in 2026 state budgets and legislative sessions. EMS provider organizations should maintain awareness of these activities and advocate for recognition of and action to protect the unique lifesaving role of EMS in these discussions.

Other Potential Impacts

Issue	Potential Impact on EMS	Recommended Actions
Reduced reimbursement to hospitals	It is likely that reduced reimbursements may lead to increased financial pressures on hospitals, which may result in decreased staffing and other resources. Ambulance services may encounter longer average patient offload times (APOT) due to the combination of more patients going to the ED as a safety net and reduced resources at the hospital.	• Avoidance of unnecessary transport volume will be a key. • Ambulance services in areas affected by hospital closures may need to adjust staffing patterns to account for longer transport and offload times. • Implementation of unilateral APOT reduction strategies by ambulance services may be critical. • EMS services should partner with hospitals on advocacy efforts to lessen the impact of future cuts.
Rural and Urban Safety Net Hospital Closures	Reduced funding to hospitals may dramatically impact rural and urban safety net hospital economic viability. Hospital closures could have the following impacts on EMS: – Increased response volume due to lack of access to local healthcare. – Longer transport and task times transporting patients greater distances to other hospitals. – APOT issues at remaining facilities.	• Avoidance of unnecessary transport volume will be a key. • Ambulance services in areas affected by hospital closures may need to adjust staffing patterns to account for longer transport and offload times. • Implementation of unilateral APOT reduction strategies by ambulance services may be critical. • Community-wide strategies to cope with loss of health care access will require collaborative strategy development that includes all local health care organizations and local government. Other stakeholders include the business community, education institutions, faith-based organizations, and civic groups.

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Rural and Urban Safety Net Hospital "Brown Outs"	Reduced funding to hospitals may force hospitals to cease providing some specialty services that cannot be financially sustained. Hospital 'brownouts' could have the following impacts on EMS: – Increased Interfacility (IFT) transfer volume. – Extended transport times to more distant facilities with desired specialty services.	• Could create revenue diversification opportunity for increased IFT services. • Due to potential payer mix changes, ambulance services should consider tightening their IFT call intake processes and enhance pre-transport payment options (*credit card, Venmo, etc.*) and facility contracts with payer of last resort provisions for potentially non-covered services.
Increasing uninsured populations	May lead to decreased access to primary and preventive care, leading to minor conditions needing acute care. May result in increased EMS response volume, especially low-acuity responses.	• Avoidance of non-medically necessary transport volume will be key. • Pre-dispatch dispositions may become even more important. • Implementation of Treat-in-Place (TIP), telehealth and MIH modalities is critical. Even if those modalities are not directly reimbursed, the cost-avoidance benefits of those modalities will be a sustainability key for ambulance services in high Medicaid areas. Seek local government support for these programs.

Issue	Potential Impact on EMS	Recommended Actions
Federal Statutory Pay-As-You-Go Act of 2010 (S-PAYGO) Trigger to Ensure Deficit Neutrality	Guidance is unclear, but the increase in the federal deficit related to OBBBA may trigger the 2010 S-PAYGO provision. Could result in up to a 4% reduction in Medicare reimbursements.	• Contact congressional representatives and advocate for the waiver of S-PAYGO provisions. Explain the hazards of adding Medicare cuts on top of the Medicaid reductions in the OBBA. • Conduct economic modeling of loss of anticipated Medicare payment reductions. • Consider alternate system funding and design options for economic sustainability.

Potential Impacts as an Employer

Issue	Potential Impact on EMS	Recommended Actions
Modification to Tax Treatment of Overtime Pay • Effective tax year 2025 • Retroactive to January 1, 2025 • Will see on returns filed in 2026 • Ends at the end of tax year 2028	Employees may now deduct up to $12,500 of overtime pay ($25,000 for joint filers) from federal income tax. Only the overtime premium portion above the regular rate may be deducted. Applies only to overtime pay that is required under the FLSA. Overtime is still subject to federal and state income tax withholdings Social Security and Medicare withholdings.	• May need payroll system adjustments to track the eligible overtime payments. • May provide a new incentive to work MORE overtime? • Should consider how that impact staffing, burnout, and other issues associated with "overworked" clinicians? • How will you distribute overtime fairly? • Caution with attempts to "convert" employees currently not exempt from overtime to an employee who is exempt from overtime (*White Collar Exemption rules apply and have not changed*). • Manage employee expectations - These are tax deductions and not "raises" so they won't see benefit until filing 2025 tax returns in 2026.
I-9 Compliance	Added funding increase of $170 billion for immigration enforcement which likely will increase I-9 audits. Employers need to audit I-9 compliance and recordkeeping. Penalties have recently increased from $288 to $2,861 per infraction for uncorrected technical errors.	• Ensure forms are complete and properly retained. • Stay informed of the latest I-9 regulations. • Ensure HR properly verifies employment eligibility. • Anticipate an ICE "Notice of Inspection" or unannounced audit.

Issue	Potential Impact on EMS	Recommended Actions
Health Savings Account (HSA) Expansions	Telehealth flexibility made permanent for high-deductible health plans (HDHPs) without jeopardizing HSA eligibility Starting 2026, HSA funds may be used for Direct Primary Care (up to $150/month individual, $300/month family) ACA Bronze and Catastrophic plan enrollees become HSA-eligible in 2026	• Simplifies planning by removing annual telehealth extensions. • Expands benefit options, including pre-tax support for Direct Primary Care. • Broader HSA access may increase participation among ACA-enrolled or part-time staff.
Dependent Care Flexible Spending Account (FSA) Limit Increases	Beginning 2026, annual Dependent Care FSA limit rises from $5,000 to $7,500. Applies to eligible expenses such as childcare, elder care, and care for disabled dependents. The new $7,500 cap is permanent and will not adjust for inflation.	• Employers must update plan documents and communication materials ahead of the 2026 plan year. • Higher limits may increase employee participation and contribution amounts, especially among working parents.
Extension/Enhancement of Tax Credits for Employers Who Offer Paid Family & Medical Leave	Permanently extends the Paid Family and Medical Leave (PFML) tax credit beyond 2025 – for employers that offer PAID leave. Expands credit eligibility to include a portion of PFL insurance premiums and makes it available in all states. Lowers the employee service requirement from 12 months to 6 months (at employer's election).	• Enables a 12.5–25% tax credit on paid leave or qualifying premiums (up to 12 weeks). • Requires written PFML policy + at least 2 weeks of leave at ≥50% pay. • Broader employee eligibility increases participation and tracking needs.

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Enhancement of Employer-Provided Child Care Credit	Telehealth flexibility made permanent Raises maximum credit from $150,000 to $500,000 and increases coverage from 25% to 40% of qualified expenses. Creates a higher credit for small businesses: up to $600,000, covering 50% of expenses. Allows small employers to pool resources or use third-party intermediaries to deliver childcare services.	• Simplifies planning by removing annual Significantly increases financial incentives for offering or expanding childcare benefits. • Encourages collaboration and outsourcing ➔ could make it easier for smaller providers to participate.
Exclusion for Employer Payments of Student Loans	Permanently extends the ability to exclude up to $5,250/year in employer-paid student loan assistance from employee income. Exclusion limit will now be indexed for inflation, increasing over time.	• Enables continued tax-free student loan repayment benefits ➔ enhances recruitment/retention. • Employers offering educational assistance must track limits annually due to inflation indexing.

Resources

Full Text of H.R. 1 –
https://www.congress.gov/bill/119th-congress/house-bill/1/text

Text of Healthcare Provisions
https://aimhi.mobi/news/13520357

Kaiser Family Foundation Table of the Health Provisions in the 2025 Federal Budget Reconciliation Bill
https://www.kff.org/tracking-the-medicaid-provisions-in-the-2025-budget-bill/

Wall Street Journal Report: Medicaid Cuts in OBBBA
https://www.wsj.com/health/healthcare/medicaid-cuts-healthcare-trump-bill-7236d5e6?st=bdJBX4

Kaiser Family Foundation Analysis: OBBBA Impact on Uninsured Rate
https://www.kff.org/policy-watch/how-will-the-2025-budget-reconciliation-affect-the-aca-medicaid-and-the-uninsured-rate/

Modern Healthcare Report: OBBBA Medicaid Reductions to States
https://www.modernhealthcare.com/medicaid/mh-medicaid-cuts-tax-bill-states-hospitals/

Paragon Report: OBBBA Analysis
https://paragoninstitute.org/medicaid/what-made-it-into-law-health-provisions-of-the-one-big-beautiful-bill/

Paragon Report: Addressing Medicaid Money Laundering
https://paragoninstitute.org/medicaid/addressing-medicaid-money-laundering-the-lack-of-integrity-with-medicaid-financing-and-the-need-for-reform/

Paragon Report: California GEMT
https://paragoninstitute.org/paragon-pic/state-funding-gimmicks-drive-unequal-ambulance-payments-in-medi-cal/

Office of Management and Budget (OMB) Letter May 2025 Stating Potential S-PAYGO Trigger
https://www.cbo.gov/system/files/2025-05/61423-PAYGO.pdf

OMB Letter July 2025 Indicating Potentially No S-PAYGO Trigger
https://www.cbo.gov/system/files/2025-07/61537-hr1-Senate-passed-additional-info7-1-25.pdf

Health Affairs Report: CMS Rule to Limit Provider Taxes
https://www.healthaffairs.org/content/forefront/cms-proposes-limit-provider-taxes

Modern Healthcare Report: CMS Rule to Limit Provider Taxes
https://www.modernhealthcare.com/policy/provider-tax-medicaid-requirements-cms

Link to CMS Proposed Rule
https://www.federalregister.gov/documents/2025/05/15/2025-08566/medicaid-program-preserving-medicaid-funding-for-vulnerable-populations-closing-a-health