



The One Big Beautiful Bill Act & Alaska's Medicaid Program

The One Big Beautiful Bill Act (OBBA) makes significant changes to Medicaid eligibility, financing, and provider payments. Expansion states, such as Alaska, will face some of the steepest effects, especially around work requirements. Alaska's Medicaid program does not depend on provider taxes or state-directed payments, which are the areas most affected by funding cuts in the new law.

Work Requirements

OBBA creates a new community engagement (work) requirement for most adults. People enrolled in the Medicaid expansion group must complete at least 80 hours per month of work, education, job training, or qualifying community service to enroll and remain eligible. The bill also allows individuals to meet these requirements based on their average income over the past 6 months, which is particularly important for Alaskans working in seasonal industries such as fishing, tourism, or construction.

New work requirements exclude several groups, potentially decreasing the number of affected people in Alaska compared to other states. This includes American Indian and Alaska Native members, adults with disabilities, pregnant people, parents and caretakers of children under 14, and individuals with certain medical conditions.

The law also allows Alaska to grant hardship exemptions from work requirements for individuals living in areas with very high unemployment rates (more than 1.5 times the national rate or above 8%). Based on recent federal labor data, 15 Alaska boroughs and census areas would currently meet this threshold, which is essential for coverage in remote parts of the state.

Cost-Sharing

Beginning October 1, 2028, Alaska must charge cost-sharing of up to \$35 per service for certain Adult Expansion members with incomes between 100% and 138% of the federal poverty level. Primary care, mental health, and substance use disorder services, and services received at Federally Qualified Health Centers (FQHCs), rural health clinics, and community behavioral health providers are exempt.

Alaska already has copayments for many services, including hospital visits, outpatient care, and prescriptions, for certain enrollees.

Retroactive Coverage

For most Medicaid programs, OBBA shortens retroactive coverage from up to 3 months before application to 2 months before the month of application, and to 1 month for Adult Expansion members.



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Eligibility Review

Starting January 1, 2027, adults enrolled through expansion must complete eligibility renewals every 6 months, rather than every 12 months. American Indian and Alaska Native members are exempt from this requirement. Alaska has already implemented an “ex parte” review process using existing data sources to speed up renewals and reduce the number of times people need to take action to keep coverage. The law also delays federal streamlining rules intended to simplify Medicaid and CHIP renewals and adds new checks for duplicate enrollment, address changes, and death records.

Qualified Immigrants

Under OBBBA, only lawful permanent residents, certain Cuban and Haitian immigrants, and migrants from the Compact of Free Association (COFA) remain in the “qualified immigrant” category. Beginning October 1, 2026, certain abused spouses and children, asylees, refugees, trafficking survivors, and humanitarian parolees will no longer qualify for Medicaid or CHIP.

Emergency Medicaid Match Reduction

Starting October 1, 2026, the federal match rate for Emergency Medicaid services provided to non-citizens who would otherwise qualify for Alaska's Medicaid expansion will drop to the regular Medicaid Federal Medical Assistance Percentage (FMAP).

Federal Payments to “Prohibited Entities”

For one year following enactment (July 4, 2025 – July 4, 2026), Medicaid funds may not be paid to certain nonprofit family planning providers that offer abortion services and deliver family planning or reproductive health services to Medicaid members.

Rural Health Funding

OBBBA creates a **\$50 billion Rural Health Transformation Program** to support rural healthcare access, infrastructure, and workforce. The program provides \$10 billion annually from FY 2026 through FY 2030, distributed to states with approved rural health transformation plans. States that applied are expected to receive about \$100 million per year in baseline funding, with the potential for additional competitive dollars based on rural needs and the strength of each state's plan.

The Alaska Department of Health has submitted its plan to CMS and is expected to receive an award notice by December 31, 2025. The state is expected to receive a larger share because of its rural and frontier geography. If approved, Alaska plans to invest in maternal and child health, expanded primary, behavioral health, and specialty care, community-led prevention and chronic disease initiatives, a stronger rural and Tribal health workforce, and modern technology and infrastructure.