



# The One Big Beautiful Bill Act & Georgia's Medicaid Program

Most of the biggest changes under the One Big Beautiful Bill Act (OBBBA) target states that expanded Medicaid. As a non-expansion state, Georgia will avoid the steepest impacts (e.g., work and eligibility requirements), but the law will still significantly affect the state's patients, providers, and payers.

Georgia also operates Pathways to Coverage, which covers a limited group of low-income adults who meet work or community-engagement requirements. OBBBA does not remove those state-level engagement requirements.

## Retroactive Coverage

For Medicaid and S-CHIP (PeachCare for Kids) applications filed on or after January 1, 2027, OBBBA will shorten the retroactive coverage period for pregnant people and children under 21 years old from 3 months to 2 months. Non-pregnant adults will continue to receive 1 month of retroactive coverage.

This change will have a particularly significant impact on maternity care and pediatric hospital admissions. It is expected to increase uncompensated care costs for some hospitals as more bills fall outside the shortened period.

## Eligibility

Beginning October 1, 2026, the following groups will be ineligible for Medicaid and PeachCare for Kids:

- **Lawful Permanent Residents (LPR)**
- **Asylees**
- **Refugees**
- **Trafficking Survivors**
- **Humanitarian Parolees**
- **Certain Cuban and Haitian Entrants**

## Provider Taxes and State-Directed Payment Programs

The OBBBA makes significant changes to Medicaid funding with provider taxes and state-directed payment (SDP) programs. The changes begin in FY 2028 and will be phased in over 10 years.

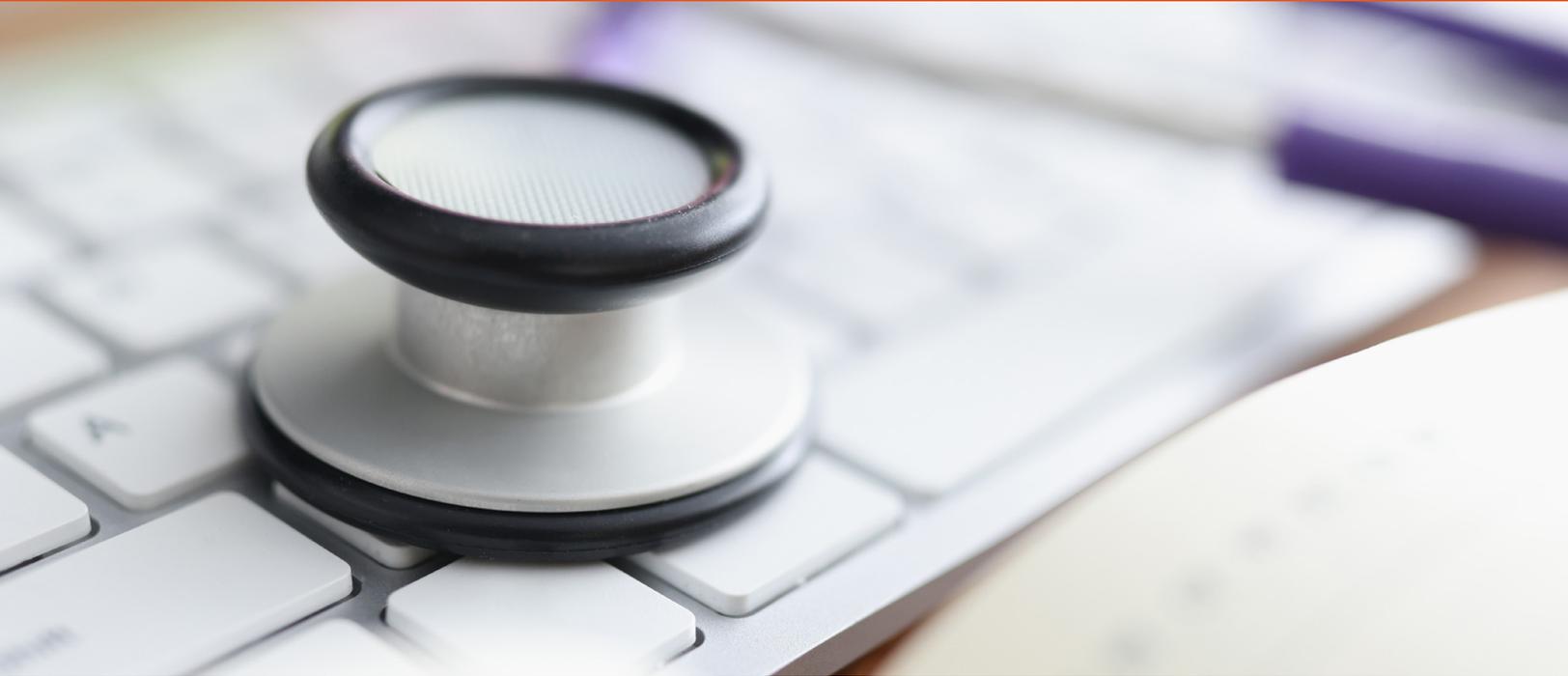
**Provider Tax:** Georgia relies on a statewide hospital and other provider assessments to help finance the state's share of Medicaid payments.

Under OBBBA, non-expansion states, such as Georgia, retain the existing 6% federal safe-harbor threshold for current provider taxes. However, the law sets the hold-harmless threshold for new provider taxes at 0%, preventing the creation of new provider tax classes to draw down additional federal matching funds.

**SDPs:** In non-expansion states, SDPs can go up to 110% of Medicare rates. Beginning in 2028, amounts above the cap must step down by 10 percentage points per year until they hit the cap.



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## Federal Payments to Prohibited Entities

For one year following enactment (July 4, 2025 – July 4, 2026), federal 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

OBBA 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 Georgia Department of Community Health (DCH) has submitted its plan to CMS and is expected to receive an award notice by December 31, 2025. The state's application was shaped by feedback from the public. If approved, the state will design targeted investments, such as grants, technical assistance, technology upgrades, and workforce initiatives, for rural hospitals and clinics, FQHCs, behavioral health providers, and other safety-net providers that serve rural communities.