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GENERAL MEMORANDUM 25-004

Congress Passes H.R.1, the “One Big Beautiful Bill Act”

On July 3, 2025, Congress passed H.R.1, the “One Big Beautiful Bill Act.” This massive package is the hallmark of President Trump’s legislative agenda. In general, the bill reduces taxes, adjusts spending across federal programs, including reforms that will shrink the Medicaid and the Supplemental Nutrition Assistance Program, raises the debt ceiling by about \$4 trillion, and enacts a wide array of provisions from student loan caps and spectrum auctions to rural hospital support and rescinding parts of the Inflation Reduction Act. While Tribal Nations are not an explicit focus of the budget reconciliation bill, several aspects touch Indian Country directly and indirectly.

Medicaid

Section 71110 of the One Big Beautiful Bill Act contains several reforms to the Medicaid program, but American Indians and Alaska Natives are largely exempt from those changes. First, the bill requires states to impose work requirements on able-bodied childless adults starting December 31, 2026. Called “community engagement” in the legislation, it would require individuals to demonstrate they were working or participating in a work program at least 80 hours a month, or enrolled in an education program at least half-time. *Importantly, American Indians and Alaska Natives are exempt from this requirement* in subsection (xx)(9)(A)(ii)(II). The definition of Indian used by the bill is:

(aa) is an Indian or an Urban Indian (as such terms are defined in paragraphs (13) and (28) of section 4 of the Indian Health Care Improvement Act);

(bb) is a California Indian described in section 809(a) of such Act; or

(cc) has otherwise been determined eligible as an Indian for the Indian Health Service under regulations promulgated by the Secretary.

Second, Section 71107 requires states to redetermine Medicaid eligibility every six months instead of once per year starting December 31, 2026. American Indians and Alaska Natives are also exempted from this change. Thus, the bill protects annual redetermination for Tribal

citizens. Specifically, the Senate's text states that the more frequent redeterminations "shall not apply to any individual described in subsection (xx)(9)(A)(ii)(II)." This subsection outlines those exempt from Medicaid work requirements, which *include American Indians and Alaska Natives*, as described above.

Third, Section 71120 requires states to impose new cost-sharing requirements on Medicaid enrollees with incomes over 100 percent of the federal poverty level beginning on October 1, 2028. *However, the bill language specifically preserves the cost-sharing exemption for American Indians and Alaska Natives* in subsection (j) of 42 U.S.C. 1396o. As a result, the bill would not change the rule that American Indians and Alaska Natives are exempt from all premiums, deductions, cost sharing, and similar charges in the Medicaid program.

Finally, Section 71115 limits states' ability to levy provider taxes. States utilize these to increase their revenue and expand the services they can cover. By capping the ability to tax providers, States may be forced to reduce the services or populations they cover. This could then limit the services that the Indian Health Service, Tribal, and Urban Indian facilities can bill Medicaid for. Specifically, the bill phases down provider taxes by 0.5% annually in states that have expanded Medicaid until it reaches 3.5% in 2031. States that have not expanded Medicaid would have their provider taxes frozen at current rates. It would exempt nursing homes and intermediate care facilities from that reduction. The Senate's version would also restrict extra payments that expansion States give to providers to 100% of the Medicare payment rate. Non-expansion states would be capped at 110% of the Medicare payment rate.

Due to the concern that this would disproportionately affect rural hospitals, Senators added a rural hospital fund of \$50 billion over five years. The fund would be available to any hospital in an area with fewer than 1,000,000 people. It would also apply to Tribally operated clinics because the fund covers Federally Qualified Health Centers (FQHCs). Tribal clinics are statutorily defined as FQHCs even if they do not bill as FQHCs.

Supplemental Nutrition Assistance Program (SNAP)

Section 10102 increases work requirements on able-bodied adult SNAP beneficiaries. Specifically, the bill raises the work requirement age from 54 to 64 and requires parents with children older than 6 to meet the work requirements. Parents with dependent children up to age eighteen at home were previously exempt from these requirements. *Importantly, American Indians and Alaska Natives are exempt.* The bill uses parts (aa) and (bb) of the definition of Indian as that used in the Medicaid section.

Section 10105 requires states to take on a percentage of SNAP benefit costs starting in fiscal year 2028 if their payment error rate is equal to or greater than 6%. Previously, the program was 100% federally funded for all states, regardless of error rate. Specifically, states with an error rate between 6% and 8% will be subject to a 5% cost share. States with an error rate between 8%

and 10% will be required to pay a 10% cost share. Finally, states with an error rate greater than 15% will face a 15% cost share.

This is meant to incentivize states to prioritize accuracy in the SNAP program. According to the fiscal year 2024 [report](#), the majority of states had error rates greater than 6%. Thus, if these states implement no changes, they will face cost-sharing for the first time in the SNAP program's history. This could cause states to shrink their programs, which could affect Tribal citizens' access to SNAP.

Inflation Reduction Act

The One Big Beautiful Bill rescinds many funds that were appropriated by the Inflation Reduction Act, especially those focused on the environment. Tribes were eligible for many of these programs. For example, the bill rescinds all unobligated balances in the Tribal Loan Guarantee Program. Finally, the bill phases out several of the clean energy tax credits introduced by the Inflation Reduction Act.

Tax Changes

Section 70403 recognizes Indian Tribes for determining eligibility for the adoption tax credit for special needs children.

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