NCPA Member Summary:
H.R. 1: The "Big Beautiful Bill"

President Trump signed H.R. 1, also known as the "Big Beautiful Bill" budget reconciliation legislation pursuant to H. Con. Res. 14, establishing the congressional budget for the U.S. government for FY 2025 and setting forth appropriate budgetary levels for FY 2026 through 2034.

SUMMARY: The Big Beautiful Bill establishes the Rural Health Transformation Program, and funding for this program, which pharmacies can take advantage of. The bill also changes eligibility requirements for Medicaid beneficiaries, including those receiving long-term care and qualified aliens, modifies cost sharing requirements for certain Medicaid expansion individuals, and makes certain adjustments to coverage of home and community-based services under Medicaid. The Big Beautiful Bill also limits Medicare eligibility to certain individuals.

Additionally, the Big Beautiful Bill contains multiple tax provisions not covered in this summary that will be discussed on NCPA's webinar: "Navigating the Big Beautiful Bill: Tax Readiness and Accounting Essentials." Here are the most relevant provisions for independent pharmacy in the Big Beautiful Bill:

Rural Health Transformation Program. Launched by CMS, the Rural Health Transformation Program is an opportunity for additional revenue for community pharmacies:

- Effective beginning in FY 2026, the Big Beautiful Bill:
  - Establishes a Rural Health Transformation Program, with funding appropriated for 5 fiscal years;
  - Appropriates funding to CMS to provide allotments to states for eligible activities;
  - Appropriates $10 billion in each of FY 2026 through FY 2030;
  - Requires states to use amounts allotted under the program for 3 or more specified health related activities, including to promote evidence-based, measurable interventions to improve prevention and chronic disease management, provide payments to health care providers, as defined, promote consumer-facing, technology-driven solutions for prevention and management of chronic diseases, and recruit and retain clinical workforce talent, among other listed activities;
  - Limits eligibility to the 50 states; and
  - Specifies that states shall not be required to provide matching funds as a condition for receiving payments.
- No later than December 31, 2025:
  - Requires states to submit applications to be eligible for an allotment under the program, and requires state applications to contain a detailed rural health transformation plan meeting specified requirements; and
- Requires the CMS Administrator to approve or deny all applications.

Eligibility redeterminations. Effective beginning on or after the first day of the first quarter that begins after December 31, 2026, the law requires states to conduct eligibility redeterminations once every 6 months for individuals enrolled through the Affordable Care Act (ACA) Medicaid expansion.

Eligibility for Long-Term Care. The Big Beautiful Bill:

- Revises home equity limit for determining eligibility for long-term care services under the Medicaid program;
- Effective beginning on January 1, 2028:
    - Caps the home equity limit maximum at $1,000,000 regardless of inflation indexing, except for certain homes on agricultural lots;
    - Prohibits states from excluding certain income or assets when determining an individual's eligibility for Medicaid-covered long-term services and supports (LTSS) without applying home equity limits; and
    - Requires the application of home equity limits for the purposes of determining eligibility for Medicaid-covered LTSS for modified adjusted gross income excepted enrollees.

Alien Medicaid eligibility

- Effective beginning on October 1, 2026, the Big Beautiful Bill:
    - Amends the definition of qualified alien for purposes of Medicaid coverage to include only the following categories: (1) lawful permanent residents (LPRs); (2) certain Cuban and Haitian immigrants; and (3) individuals living in the United States through a Compact of Free Association (CoFA);
    - Removes the following categories from the definition of qualified alien: (1) refugees; (2) aliens granted parole for at least one year; (3) aliens granted asylum or related relief; (4) certain abused spouses and children; and (5) certain victims of trafficking;
    - Excludes from the term qualified alien, alien visitors, tourists, diplomats, and students who enter the U.S. temporarily with no intention of abandoning their residence in a foreign country; and
    - Includes provisions to apply the requirements with respect to CHIP, exempting payments for services provided under Social Security Act Sec. 2105(a)(1)(D)(ii), which permits certain expenditures "for improving the health of children (including targeted low-income children and other low-income children)."

Expansion FMAP for emergency Medicaid

- Equalizes the Federal Medical Assistance Percentage (FMAP) for otherwise ineligible aliens receiving emergency Medicaid, to ensure that they do not receive a higher FMAP than the traditional Medicaid population.

Reducing state Medicaid costs

- Based on an application made on or after the first day of the first quarter that begins after December 31, 2026:
    - Limits retroactive coverage to the month preceding enrollment for ACA Medicaid expansion beneficiaries, and two months preceding enrollment for the traditional Medicaid beneficiaries

Modifying cost sharing requirements for certain expansion individuals under the Medicaid program. Effective beginning on October 1, 2028:

- Requires Medicaid expansion enrollees earning more than 100 percent of FPL to pay cost-sharing amounts up to $35 per service;
- Specifies that the requirements would not apply to primary, prenatal, pediatric or emergency room care, or services provided by a federally qualified health center, certified community behavioral health clinic or rural health clinic;
- For prescription drugs:
    - In no case may a deduction, cost sharing, or similar charge imposed under the State plan with respect to a prescription drug furnished to a specified individual exceed the limit that would be applicable for certain income populations under paragraph (2)(A)(i) or (2)(B) of section 1916A(c) with respect to such drug and individual if such drug so furnished were subject to cost sharing under such section.[1]
- Establishes an aggregate cost sharing maximum

Making certain adjustments to coverage of home and community-based services under Medicaid. Permits the Secretary of HHS to approve a waiver to include as medical assistance payment for part or all of the cost of home and community-based services, as defined; limits the waiver to an initial term of 3 years, with eligibility for extension; and establishes related requirements for states.

Limiting Medicare coverage of certain individuals.

- Effective beginning 18 months after July 4, 2025, the Big Beautiful Bill:
    - Limits non-citizen eligibility for Medicare to the following groups: (1) LPRs; (2) certain Cuban and Haitian immigrants; and (3) CoFA migrants lawfully residing in the United States; and
    - Requires individuals to be otherwise eligible for Medicare to enroll in or receive benefits under the program.
- Effective within 1 year after July 4, 2025, the Big Beautiful Bill:
    - Requires the Social Security Commissioner to identify non-citizen Medicare beneficiaries who no longer qualify for the program, and as soon as practicable after identification, notify such non-citizens, in a manner designed to ensure comprehension, that their Medicare entitlement or enrollment will be terminated effective 18 months after July 4, 2025.

[1] SSA 1916(A)(c)(2): (2) Limitations.—
(A) By income group.—In no case may the cost sharing under paragraph (1)(A) with respect to a non-preferred drug exceed—
(i) in the case of an individual whose family income does not exceed 150 percent of the poverty line applicable to a family of the size involved, the amount of nominal cost sharing (as otherwise determined under section 1916); or
(ii) in the case of an individual whose family income exceeds 150 percent of the poverty line applicable to a family of the size involved, 20 percent of the cost of the drug.
(B) Limitation to nominal for exempt populations.—In the case of an individual who is not subject to cost sharing under subsection (a) due to the application of paragraph (1)(B), any cost sharing under paragraph (1)(A) with respect to a non-preferred drug may not exceed a nominal amount (as otherwise determined under section 1916).

Graduate and professional students. The Big Beautiful Bill:

- Terminates the ability of graduate or professional students to receive Direct PLUS Loans (i.e., Grad PLUS Loans) beginning on July 1, 2026.
- Revises the annual and aggregate limits an individual may borrow in Direct Loans.
    - In particular, the law establishes the aggregate loan limit for Direct Unsubsidized Loans as \$100,000 for a graduate student (in addition to the amount borrowed for undergraduate education) and \$200,000 for a professional student (in addition to the amount borrowed for undergraduate education).
- **Pharmacy students included in definition of professional students**. Professional students are defined under existing statute to include the following medical categories: **Pharmacy (Pharm.D.),** Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), or Podiatry (D.P.M., D.P., or Pod.D.).

Orphan Drugs under the Medicare Drug Price Negotiation Program

- The Medicare Drug Price Negotiation Program requires CMS to negotiate the prices of certain prescription drugs under Medicare beginning in 2026. Among other requirements, drugs must have had market approval for at least 7 years (for drug products) or 11 years (for biologics) to qualify for negotiation. The program does not apply to orphan drugs that are approved to treat only one rare disease or condition.
    - The Big Beautiful Bill modifies these provisions so as to exclude any period in which a drug was an orphan drug from market approval calculations. It also excludes orphan drugs that are approved to treat more than one rare disease or condition from the program. The changes take effect in 2028.