

# Key Differences in Provisions Between Draft Senate and House-Passed Reconciliation Bill

BROWNSTEIN CLIENT ALERT, JUNE 20, 2025

Over the last week, the Senate Finance Committee and Senate Agriculture Committee released their portions of reconciliation text, which includes most of the Medicaid and food insecurity provisions. The Senate committees will now have to clear the provisions with the Senate parliamentarian under the Byrd Rule before bringing the legislation to the Senate floor. The White House and GOP leadership is pushing for the Senate to vote on the bill the week of June 23. A detailed breakdown of the provisions included in the House-passed bill and Senate committee provisions is below.

## HEALTH CARE PROVISIONS

*The Senate Finance Committee released their portion of the reconciliation [text](#) Monday evening, which includes some changes to the House-passed health care provisions. Notably, the bill further limits states' ability to rely on provider taxes by phasing down the safe harbor limit from 6% to 3.5% in expansion states, with a 0.5% reduction annually. Furthermore, it moves state-directed payments to Medicare rates and funds implementation of state work requirements. Absent from the Senate version was Physician Fee Schedule relief, expanding and clarifying the exclusion for orphan drugs under the drug price negotiation program, streamlined enrollment processes for out-of-state providers and delaying the Medicaid Disproportionate Share Hospital (DSH) reductions. Although some pharmacy benefit manager (PBM) reform was included, including banning "spread pricing," other reforms were eliminated.*

*The below provides a comparison of the House versus Senate provisions:*

### PROVIDER TAXES

- **House:** Freezes, at current rates, states' provider taxes in effect as of the date of enactment of the legislation and prohibits states from establishing new provider taxes.
- **Senate:** Prohibits non-expansion states from increasing the rate of current provider taxes or increasing the base of the tax to a class or items of services for which the tax did not previously apply. Beginning in 2027, the hold harmless threshold in expansion states for provider classes other than nursing or intermediate care facilities would be reduced by 0.5% annually until the maximum hold harmless threshold reaches 3.5% in 2031. Would also exempt provider taxes for nursing homes and intermediate care facilities in expansion states from the requirements.

### STATE-DIRECTED PAYMENTS

- **House:** Limits new state-directed payments that have not been submitted or received written approval for by the date of enactment. For new programs, the payment rate for services must not exceed 110% of the total published or equivalent Medicare rate in non-expansion states and 100% of the Medicare rate in expansion states.
- **Senate:** Adds a provision that existing state-directed payment limits would be reduced by 10% annually until the allowable Medicare-related payment limit is achieved. The section

would provide the Department of Health and Human Services (HHS) with \$7 million for each of FY 2026 through FY 2033 for implementation.

## WORK (COMMUNITY ENGAGEMENT) REQUIREMENTS

- **House:** Requires states to implement community engagement requirements for able-bodied adults without dependents as soon as Dec. 31, 2026. An individual can meet the community engagement requirements during a month by working, completing community service, participating in a work program, enrolling in an educational program or a combination of these activities for at least 80 hours. Provides a broader exemption for any parent of a dependent child, among other exemptions.
- **Senate:** Adds the provision that only parents of children under age 15 would be exempt from the national requirement. Expands the list of “good cause” exemptions. Adds implementation funding to states by appropriating \$100 million for HHS to award grants to states to establish systems necessary to carry out the community engagement requirements for FY 2026 and \$50 million to HHS to carry out implementation funding to federal agencies.

## IMPLEMENTATION OF RULE RELATING TO ELIGIBILITY AND ENROLLMENT IN MEDICARE SAVINGS PROGRAMS (MSPS)

- **House:** Requires HHS to delay implementation, administration or enforcement of the final rule titled “Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment” until **Jan. 1, 2035**.
- **Senate:** Prohibits HHS from implementing, administering or enforcing the final rule.

## IMPLEMENTATION OF RULE RELATING TO ELIGIBILITY AND ENROLLMENT FOR MEDICAID AND CHIP

- **House:** Requires HHS to delay implementation, administration or enforcement of the final rule titled “Medicaid Program; Streamlining the Medicaid, Children’s Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes” until **Jan. 1, 2035**.
- **Senate:** Prohibits HHS from implementing, administering or enforcing the final rule under Medicaid or CHIP.

## REDUCING DUPLICATE ENROLLMENT UNDER MEDICAID AND CHIP

- **House:** Requires states to establish processes to regularly obtain beneficiary address information from reliable data sources, including by requiring state Medicaid programs to collect address information provided by beneficiaries to managed care entities. Also requires HHS to establish a system to prevent individuals from being simultaneously enrolled in multiple state Medicaid programs by no later than Oct. 1, 2029.
- **Senate:** Adds the provision to provide \$10 million to HHS for FY 2026 to establish the address verification system and standards to operate the system and \$20 million for FY 2029 for system maintenance.

## ALIEN MEDICAID ELIGIBILITY

- **House:** *No provision*
- **Senate:** Would amend the definition of qualified alien to include: (1) LPRs; (2) certain Cuban immigrants; and (3) individuals living in the United States through a Compact of Free Association (CoFA).

## EXPANSION FMAP FOR EMERGENCY MEDICAID

- **House:** *No provision*
- **Senate:** Unlawfully present aliens who would otherwise qualify for Medicaid expansion if not for their immigration status to qualify for the enhanced ACA expansion FMAP of 90%. Would equalize the FMAP for otherwise ineligible aliens receiving emergency Medicaid, ensuring that they do not receive a higher FMAP than the traditional Medicaid population.

## IMPLEMENTATION OF THE FINAL STAFFING RULE FOR NURSING FACILITIES

- **House:** Requires HHS to delay implementation, administration or enforcement of the final rule titled "Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting" until **Jan. 1, 2035**.
- **Senate:** Would prohibit HHS from implementing, administering or enforcing any part of the final rule.

## MODIFYING RETROACTIVE COVERAGE UNDER THE MEDICAID

- **House:** Limits retroactive coverage in Medicaid to **one month** prior to an individual's application date starting **Dec. 31, 2026**.
- **Senate:** Limits retroactive coverage to **one month** preceding enrollment for ACA Medicaid expansion beneficiaries, and **two months** preceding enrollment for the traditional Medicaid beneficiaries starting **Dec. 31, 2026**.

## ENSURING ACCURATE PAYMENTS TO PHARMACIES UNDER MEDICAID

- **House:** Requires participation by retail and applicable non-retail pharmacies in the National Average Drug Acquisition Cost (NADAC) survey, which measures pharmacy acquisition costs and is often used in the Medicaid program to inform reimbursement to pharmacies.
- **Senate:** Adds the provision to require pharmacies to report the net of all price concessions, such as discounts or rebates. Pharmacies that do not comply with the survey requirements may be subject to civil monetary penalties. The OIG of HHS would receive \$5 million to conduct periodic studies of the survey, and the HHS secretary would receive \$8 million for each year from FY 2026 through FY 2033 to carry out the survey.

## FEDERAL PAYMENTS TO PROHIBITED ENTITIES

- **House:** Prohibits Medicaid funds to be paid to providers that are nonprofit organizations, which are essential community providers that are primarily engaged in family planning services or reproductive services, to provide for abortions other than for Hyde Amendment exceptions and which received \$1 million or more (to either the provider or the provider's affiliates) in payments from Medicaid payments in 2024.
- **Senate:** Prohibits federal Medicaid payments for items and services provided by "prohibited entities" for a period of 10 years beginning on the date of enactment. Prohibited entities include tax-exempt essential community providers that deliver family planning and abortion services, other than those allowable under the Hyde Amendment. A prohibited entity is defined as one that received federal and state Medicaid reimbursements exceeding \$800,000 in 2023.

## REQUIRING VERIFICATION OF ELIGIBILITY FOR THE PREMIUM TAX CREDIT

- **House:** Disqualifies individuals from receiving PTCs if they fail to complete an annual verification of eligibility criteria like income and enrollment. Requires detailed verification of eligibility factors such as income, immigration status, coverage of eligibility, residence

and family size. It includes exceptions for those enrolling during special enrollment due to family size changes and mandates a pre-enrollment verification process.

- **Senate:** Drops cost reduction sharing eligibility from enrollment verification and adds waivers for enrollment during special enrollment periods due to change in family size and use of data from reliable third-party sources as enrollment verification.

## **ELIMINATING LIMITATION ON RECAPTURE OF ADVANCE PAYMENT OF PREMIUM TAX CREDIT**

- **House:** Eliminates repayment caps requiring full repayment of any excess PTCs received due to income misreporting.
- **Senate:** Also eliminates repayment caps but includes a narrow safeguard: individuals whose actual income falls below 100% of FPL would not have to repay unless they provided false or reckless information.

## **DISALLOWING PREMIUM TAX CREDIT DURING PERIODS OF MEDICAID INELIGIBILITY DUE TO ALIEN STATUS**

- Both bills close a loophole in current law that allows certain lawfully present immigrants who are not Medicaid-eligible and have incomes below 100% of the FPL to receive PTCs while they are in their five-year Medicaid waiting period. The provision removes this exception.
- **House:** Beginning after Jan. 1, 2027
- **Senate:** Beginning after Dec. 31, 2026

## **DISALLOWING PREMIUM TAX CREDIT IN CASE OF CERTAIN COVERAGE ENROLLED IN DURING SPECIAL ENROLLMENT PERIOD**

- Both bills block individuals from receiving PTCs if they enroll in health coverage through a special enrollment period based solely on income unless other qualifying life changes are also present.
- **House:** Beginning the third calendar month after date of enactment.
- **Senate:** Beginning after Dec. 31, 2025.

*Numerous House provisions remained in the Senate, as outlined below:*

## **ENSURING DECEASED INDIVIDUALS DO NOT REMAIN ENROLLED**

- **No Change:** Requires states to review the Social Security Administration's (SSA) Death Master File (or other electronic data sources) at least quarterly to determine if any enrollees are deceased.

## **ENSURING DECEASED PROVIDERS DO NOT REMAIN ENROLLED**

- **No Change:** Codifies the requirement for states to check the SSA's Death Master File during a provider or supplier's enrollment and reenrollment and would add a new requirement for states to check the file not less than quarterly

## **PAYMENT REDUCTION RELATED TO CERTAIN ERRONEOUS EXCESS PAYMENTS UNDER MEDICAID**

- **No Change:** Would reduce the amount of erroneous excess payments that HHS may waive and would expand the definition of erroneous excess payments to include items and

services furnished to individuals who are not eligible for federal reimbursement in Medicaid.

## **ELIGIBILITY REDETERMINATIONS**

- **No Change:** Requires states to conduct eligibility determinations for the expansion population of adults every six months starting Dec. 31, 2026.

## **HOME EQUITY LIMIT FOR ELIGIBILITY IN LONG-TERM CARE SERVICES UNDER MEDICAID**

- **No Change:** Establishes a ceiling of \$1 million for permissible home equity values for individuals when determining allowable assets for Medicaid beneficiaries who are eligible for long-term care services. Also prohibits the use of asset disregards from being applied to waive home equity limits.

## **PROHIBITING FFP UNDER MEDICAID AND CHIP FOR INDIVIDUALS WITHOUT VERIFIED CITIZENSHIP, NATIONALITY OR SATISFACTORY IMMIGRATION STATUS**

- **No Change:** Would eliminate the requirement for states to provide coverage during the reasonable opportunity or other allowable periods. Allows states to elect to provide coverage to applicants during such period but would prohibit the use of federal funds for amounts spent on services unless U.S. citizenship or nationality or satisfactory immigration status is verified before the end of the period.

## **EXPANSION FMAP FOR CERTAIN STATES PROVIDING PAYMENTS FOR HEALTH CARE FURNISHED TO CERTAIN INDIVIDUALS**

- **No Change:** Reduces by 10% the Federal Medical Assistance Percentage (FMAP) for Medicaid expansion states that use their Medicaid program to provide health care coverage for illegal immigrants under Medicaid or another state-based program.

## **SPREAD PRICING IN MEDICAID**

- **No Change:** Would require pharmacy benefit managers (PBMs) to reimburse pharmacies or providers for the dispensing drugs using a “pass-through” structure. Under the pass-through pricing structure, the PBM would reimburse the pharmacy or provider for an amount that is the sum of the ingredient cost and a professional dispensing fee, passed through in its entirety from the PBM to the pharmacy or provider. For drugs purchased through the 340B program, the ingredient cost paid for dispensing the drug would be allowed to exceed the actual acquisition cost of the drug by the covered entity. Any form of “spread pricing” would not be allowable for purposes of claiming federal matching funds. Compensation to PBMs would be limited to an administrative fee that reflects fair market value for services performed.

## **PROHIBITING FEDERAL MEDICAID AND CHIP FUNDING FOR GENDER TRANSITION PROCEDURES FOR MINORS OR ADULTS**

- **No Change:** Would prohibit federal Medicaid or CHIP funds for amounts spent on specified items and services for gender transition purposes. Includes certain exceptions, including cases of disease, injury or chromosomal anomaly.

## SUNSETTING INCREASED FMAP INCENTIVE

- **No Change:** Sunsets the temporary 5% enhanced FMAP afforded to states under the American Rescue Plan Act (ARPA) that opt to expand Medicaid.

## REQUIREMENTS REGARDING WAIVER OF UNIFORM TAX REQUIREMENT FOR MEDICAID PROVIDER TAX

- **No Change:** Limits the definition of generally redistributive to qualify for a waiver of the uniform requirement.

## REQUIRING BUDGET NEUTRALITY FOR MEDICAID DEMONSTRATION PROJECTS UNDER SECTION 1115

- **No Change:** Would codify and strengthen budget neutrality requirements for demonstration projects under section 1115 of the Social Security Act

## MODIFYING COST-SHARING REQUIREMENTS FOR CERTAIN EXPANSION INDIVIDUALS UNDER THE MEDICAID PROGRAM

- **No Change:** Requires Medicaid expansion enrollees earning more than 100% of the federal poverty level (FPL) to pay cost-sharing amounts up to \$35 per service.

## LIMITING MEDICARE COVERAGE OF CERTAIN INDIVIDUALS

- **No Change:** Limits non-citizen eligibility for Medicare to the following groups: (1) lawful permanent residents (LPRs); (2) certain Cuban immigrants; and (3) Citizens of the Freely Associated States (CoFA) migrants lawfully residing in the United States. Individuals would have to be otherwise eligible for Medicare to enroll in or receive benefits under the program.

## PERMITTING PREMIUM TAX CREDITS ONLY FOR CERTAIN INDIVIDUALS

- **No Change:** Restricts eligibility for premium tax credits (PTCs) to specific categories of immigrants: lawful permanent residents (LPRs), certain Cuban immigrants and Compact of Free Association (CoFA) migrants legally residing in the United States. Undocumented immigrants would be excluded.

## ELIMINATED SECTIONS

*The following provisions were included in the House-passed bill but eliminated in the Senate's version. Given that the Senate text is still likely to change, these provisions could be added back.*

- **Orphan Drugs:** Expands and clarifies the exclusion for orphan drugs under the drug price negotiation program.
- **Out-of-State Providers:** Would provide streamlined enrollment process for eligible out-of-state providers under Medicaid and CHIP.
- **DSH Cuts:** Delays the Medicaid Disproportionate Share Hospital (DSH) reductions and extends funding for Tennessee's DSH program.
- **Physician Fee Schedule:** Replaces the split Physician Fee Schedule conversion factor set to take effect on Jan. 1, 2026, with a new single conversion factor based on a percentage of medical inflation, or the Medicare Economic Index (MEI).
- **Further PBM Reform:** Deeper PBM reforms, including: (1) requiring PBMs in Medicare Part D to share information relating to business practices with Medicare Part D Prescription Drug Plan Sponsors; (2) prohibiting PBM compensation based on a drug's list price and



limiting compensation to fair market bona fide service fees; and (3) requiring CMS to define “reasonable and relevant” contracting terms.

- **CHOICE Arrangements:** Makes permanent the rule allowing employers to offer health reimbursement accounts for employees to buy individual market plans. Allows pre-tax exchange premium payments. Gives small businesses a temporary tax credit for offering CHOICE coverage for the first time.
- **Health Savings Accounts (HSAs):** Allows Medicare-eligible workers to contribute to HSAs. Allows HSA users to enroll in Direct Primary Care arrangements and use HSA funds to pay for them, within set limits. Makes bronze and catastrophic exchange plans eligible for HSA contributions. Preserves HSA eligibility with on-site clinics. Allows fitness expenses to qualify as medical care. Allows both spouses to make catch-up contributions to one HSA. Enables FSA/HRA to HSA rollover. Covers expenses incurred before opening HSA. Allows HSA contributions when a spouse has an FSA. Raises HSA limits for lower-income individuals.

## NUTRITION PROVISIONS

*The Senate Agriculture Committee released their budget reconciliation [text](#) last week, which includes some changes from the House-passed nutrition provisions, as outlined below:*

### THRIFTY FOOD PLAN

#### *Household Adjustments*

- Both the House and Senate adopted similar household-size adjustments based on an up to eight-person household:
  - 1-person household: 30%
  - 2-person household: 55%
  - 3-person household: 79%
  - 4-person household: 100%
  - 5-person household: 119%
  - 6-person household: 143%
  - 7-person household: 158%
  - 8-person household: 180%
- **House:** The House institutes a 203% adjustment for a nine-person household; 224% adjustment for a 10-person household; and for households more than 10, the adjustment for each additional person is 224% plus the product of 21% and the difference in the number of persons in the household and 10.
- **Senate:** For households larger than eight, the household adjustment is an additional 22% per person, and the additional percentage shall not total more than 200%.

#### *Reevaluation of Market Baskets*

- Both the House and Senate allow for a reevaluation of the market baskets of the thrifty food plan through taking into consideration current food prices, food composition data, consumption patterns and dietary guidance. Both do not allow the thrifty food plan cost to be increased based on a reevaluation or update to cost neutrality.
- **House:** Allows for a reevaluation of the market baskets of the thrifty food plan on or after Oct. 1, 2028, which may not occur more frequently than every five years. The House requires any update to the thrifty food plan to be published in the *Federal Register* with a public comment period of at least 60 days.
- **Senate:** Allows for a reevaluation of the market baskets of the thrifty food plan on or after Oct. 1, 2027.

## ABLE-BODIED ADULTS WITHOUT DEPENDENTS WORK REQUIREMENTS

- Both proposals raise the age requirement for able-bodied adults without dependents (ABAWDs) to 65, up from 54. Both create an exemption for pregnant women.
- **House:** Narrows the definition of a dependent child to those under 7. In addition to pregnant woman, the House bill adds exemptions for homeless individuals, veterans, individuals who are 24 or younger and were in foster care when they turned 18 and individuals responsible for a child who is 7 or older and is married to and resides with an individual who complies with the SNAP work requirements. The House bill sunsets these new exceptions on Oct. 1, 2030. The House bill lowers the maximum number of exempt ABAWDs not living in a waived county or county-equivalent from the work requirement from 8% to 1%.
- **Senate:** Narrows the definition of a dependent child to those under 10. Does not include the added exemptions in the House bill.

## SNAP STATE MATCHING FUND REQUIREMENTS

- **House:** For FY 2026 and 2027, the federal cost share will be 100%, and for every year starting in FY 2028, the minimum federal cost share will be 95%, and the state cost share will be 5%. The state cost share beginning in FY 2028 will depend on the state's payment error rate. The payment error rate and corresponding cost share are as follows:
  - 6%–7.9%: 15% state and 85% federal
  - 8%–9.9%: 20% state and 80% federal
  - More than 10%: 25% state and 75% federal
- **Senate:** Changes the cost share depending on the state's payment error rate to a lesser extent. Beginning in FY 2028, the payment error rate and corresponding cost share are as follows:
  - Less than 6%: 0% state and 100% federal
  - 6%–7.9%: 5% state and 95% federal
  - 8%–9.9%: 10% state and 90% federal
  - More than 10%: 15% state and 85% federal

## GENERAL WORK REQUIREMENT AGE

- **House:** Changes the general SNAP work requirement age from over 15 and under 60 to over 17 and under 75. Increases the age of a child for which a parent will be exempted from the general SNAP work requirements from under the age of 6 to under the age of 7.
- **Senate:** Does not include changes to the general work requirement age.

## NATIONAL ACCURACY CLEARINGHOUSE

- **House:** Requires state agencies to use indications of multiple issuances of SNAP benefits to prevent multiple issuances of other federal and state assistance program benefits.
- **Senate:** Does not include a provision on this.

## QUALITY CONTROL ZERO TOLERANCE

- **House:** Reduces the tolerance level for errors in SNAP from \$37 in 2014 dollars (adjusted annually to account for inflation) to \$0.
- **Senate:** Does not include a provision on this.

*Several House provisions remained in the Senate bill without modifications, as outlined below:*



## **THRIFTY FOOD PLAN – COST ADJUSTMENTS**

- **No Change:** Requires the secretary of agriculture to adjust the cost of the thrifty food plan to reflect changes in the Consumer Price Index.

## **ABLE-BODIED ADULTS WITHOUT DEPENDENTS WORK REQUIREMENTS**

- **No Change:** Requires county or county-equivalents to have an unemployment rate of over 10% to be eligible for a waiver for the work requirement.

## **STANDARD UTILITY ALLOWANCES BASED ON RECEIPT OF ENERGY ASSISTANCE**

- **No Change:** Limits the use of payments of \$20 or more from the Low-Income Home Energy Assistance Act to automatically qualify for the standard utility allowance in determining a household's SNAP benefit amount. Limits the ability to exclude payments made to provide energy assistance from a household's income in determining their SNAP benefit amount to only households with an elderly or disabled member. Limits the ability to include payments made to households to provide energy assistance from being considered "out-of-pocket" for the purposes of determining SNAP allotments to only households with an elderly or disabled member.

## **RESTRICTIONS ON INTERNET EXPENSES**

- **No Change:** Prohibits households from including household internet costs when calculating the excess shelter expense deduction, which is used in determining a household's SNAP benefit amount.

## **ADMINISTRATIVE COST SHARING**

- **No Change:** Requires states to pay 75% of administrative SNAP costs.

## **NATIONAL EDUCATION AND OBESITY PREVENTION GRANT PROGRAM**

- **No Change:** Repeals the National Education and Obesity Prevention Grant Program.

## **ALIEN SNAP ELIGIBILITY**

- **No Change:** Limits SNAP benefits to only individuals who reside in the United States and are citizens or lawful permanent residents.

## **EMERGENCY FOOD ASSISTANCE**

- **No Change:** Extends mandatory funding for each fiscal year through 2031 for the Emergency Food Assistance Act.