What the “One Big Beautiful Bill” Means for Your Practice’s Bottom Line

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On July 4, the **“One Big Beautiful Bill” was signed into law**. The legislation ushers in sweeping changes to healthcare funding, cutting more than $1 trillion from federal health programs.

While the specific impact will vary based on payer mix and location, the financial consequences for practices—particularly those serving Medicaid and underinsured populations—could be significant. Here's what you need to know:

Shrinking Medicaid Funding

Federal support for Medicaid is being substantially reduced, and states are unlikely to close the gap. Practices may face an uptick in uncompensated care, especially in rural areas where clinics that rely heavily on federal funds may be forced to scale back services or close entirely. This could increase patient travel distances and create access challenges.

The takeaway for your practice? Expect declining revenue and an uptick in bad debt. Assess your practice’s exposure to Medicaid and other vulnerable payer sources and model potential revenue losses. Consider proactive steps such as optimizing billing operations, increasing patient volume where possible, and identifying areas to reduce overhead costs.

Loss of Coverage and Increased Risk

The **Congressional Budget Office estimates that 3 million Americans** will lose coverage under the Affordable Care Act marketplace due to the new law. Many of these individuals will likely delay care or rely on emergency services—shifting more financial risk to providers through uncompensated visits and increased bad debt.

One of the most financially significant provisions is the reduction in retroactive Medicaid coverage for medical emergencies. Coverage will now be limited to one month prior to application—down from three. This change could leave practices on the hook for high- cost services such as childbirth, surgeries, or emergency care delivered before eligibility is confirmed.

The takeaway for your practice? Review your internal policies around eligibility verification and financial counseling. Strengthen upfront collections and consider revising workflows to identify and address at-risk accounts earlier.

Administrative Complexity and Work Requirements

The law introduces new work requirements for Medicaid and SNAP (food stamp) recipients, mandating documentation of work or community engagement activities. While the administrative burden will fall largely on the state, practices should prepare for downstream effects: coverage disruptions, patient confusion, and rising complexity at scheduling and check-in.

In addition, Medicaid patients may now face copays of up to $35. These cost-sharing changes could impact appointment adherence and increase collections work at the point of service.

The takeaway for your practice? Revise staff training, which will be critical to soften the financial blow. Prepare your front office and billing teams for conversations around eligibility changes, coverage churn (patients may lose and regain Medicaid coverage), and new copay expectations. Written notices or FAQs may help reduce confusion, especially if your practice serves a high proportion of Medicaid patients. Monitor state-level guidance closely, as programmatic details, implementation timelines, and requirements will vary by state.

The Bottom Line – and a Nice Surprise

The “One Big Beautiful Bill” introduces financial uncertainty for medical practices—particularly those who serve low-income or rural populations. A positive note, however: the new law includes a temporary 2.5% increase to the *Medicare* Physician Fee Schedule for 2026. This is the first positive change in six years. Although many stakeholders had hoped for the underlying payment formula for the nation’s largest payer to be corrected, at least the increase is written in stone for next year.

Practices that proactively model the impact to revenue, enhance billing practices, and prepare their teams for operational disruptions will be best positioned to navigate the changes ahead.
