



Impact of Federal Budget Reconciliation Bill on Wisconsinites

Last month, the Wisconsin Department of Health Services released its initial analysis of the budget reconciliation bill (the 'One Big Beautiful Bill Act' or OBBBA) and its direct impacts on Wisconsinites and access to health care coverage and basic food necessities.

The Act will continue to have deadlines for implementation over the coming months and years, reaching full implementation in 2028. The [department's previous analysis](#), indicates the 'One Big Beautiful Bill Act' takes food and health insurance coverage away from Wisconsin's working families. Additionally, the Act adds more red tape for FoodShare and Medicaid members and will force 270,000 Wisconsinites to lose their health insurance by taking away necessary support for Wisconsinites to afford health care coverage.

The Wisconsin Department of Health Services has now completed the remainder of its analysis of the 'One Big Beautiful Bill Act' as it relates to the economic and fiscal impacts to the state of Wisconsin and therefore Wisconsin taxpayers, which is also available below. The Wisconsin Department of Health Services estimates the federal budget reconciliation bill will cost Wisconsin taxpayers at least \$142 million per year at full implementation, or more than \$284 million over a two-year biennial budget cycle.

Medicaid

Wisconsin's Medicaid programs are an essential part of our state's health care system and economy. Wisconsin's Medicaid programs cover 20% of Wisconsinites overall (approximately 1 million or 1 in 5 Wisconsinites), including 40% of births, 40% of kids, and 60% of people in nursing homes. Anyone with a ForwardHealth card has Wisconsin Medicaid, including members of:

- BadgerCare Plus
- Children's Long-Term Support Program
- Family Care
- Family Care Partnership
- Family Planning Only Services
- IRIS
- Katie Beckett
- PACE

The Wisconsin Department of Health Services agrees with the [U.S. Congress Joint Economic Committee released estimates](#), utilizing the Congressional Budget Office's ten-year projections, that indicate a total of 276,175 Wisconsinites will lose health care coverage under both the Affordable Care Act (ACA) and Medicaid under this new law over the next decade.

Overview: Medicaid Provisions and Increased Costs Shifted to Wisconsin Taxpayers

- **Creating barriers to coverage and increasing costs for taxpayers:** Many Wisconsinites with Medicaid work in jobs that don't offer health insurance, and many others can't work because of a health condition. Under the new law, effective December 31, 2026, BadgerCare Plus members ages 19 through 64 without a child under age 19 who lives with them will have to report 80 hours per month of work, training, or volunteering. This red-tape work requirement alone, not including additional changes included in the 'One Big Beautiful Bill Act' that affects hundreds of thousands of Wisconsinites, will put an estimated 63,000 Wisconsin adults at immediate, high risk of losing coverage based on the Department of Health Services' current Medicaid enrollment data. It will cost Wisconsin taxpayers roughly \$72.4 million annually starting state fiscal year 2027 to offer employment and training services to Medicaid members to meet the red tape work requirement, similar to the employment and training services provided to SNAP members through the FoodShare Employment and Training Program (FSET).
- **Installing several traps making it cost and policy prohibitive for Wisconsin to expand Medicaid:** The federal government shares the funding responsibility for Medicaid with states, generally covering 60 cents out of every dollar spent on health care services in Wisconsin's Medicaid program. If Wisconsin were to expand its Medicaid program to cover adults ages 19 through 64 without dependents up to 138% of the federal poverty level, this match rate would go up to 90 cents for every dollar. While that enhanced federal reimbursement rate remains intact, OBBA triggers a number of barriers that make it fiscally and operationally unfeasible for Wisconsin to expand Medicaid. This includes but is not limited to:
 1. Losing out on an additional \$1.3 billion in federal funding that could've been invested back into Wisconsin communities. This one-time incentive payment from the federal government to new expansion states will sunset on January 1, 2026. Wisconsin would need to enact expansion and enroll expansion members this fall to receive the \$1.3 billion payment.
 2. Further reducing allowable provider taxes, which effectively cuts funding Wisconsin invests in hospitals across the state and the Medicaid program.
 3. Requiring six-month eligibility redeterminations for the adult population covered under expansion.
- **Limiting Wisconsin's ability to finance the Medicaid program sustainably by putting a moratorium on new or increased provider taxes:** Hospitals are an essential part of our health care system, providing life-saving care to people across the state. The state's hospital assessment is one important source of funding to support Medicaid payments to hospitals. Under the new law, states are prohibited from creating new or increased provider taxes, locking them into the current rates. Gov. Evers signed the 2025-2027 state budget into law on July 3, 2025, in time to secure a final increase to Wisconsin's hospital tax rate before the federal law was signed, resulting in over \$1.1 billion for hospitals per year.

- **Decreasing some provider payment rates to 110% of the Medicare Payment Rate:** Under the reconciliation bill, certain payments to Medicaid providers, such as hospital and emergency medical services (EMS), made through managed care organizations will be limited to 110% of the Medicare payment rate. Effective January 1, 2028, rates that are already higher than that amount will be gradually reduced by 10 percentage points each year until the total payment rate is 110% of the Medicare payment rate. In Wisconsin, this means that, starting January 1, 2028, Medicaid will need to start gradually reducing these provider payment rates. The exact impact is still to be determined.
- **Shortening the eligibility period for retroactive coverage:** Under this new law, as of January 1, 2027, new Medicaid enrollees will be eligible for retroactive coverage two months prior to application. Previously, new enrollees were eligible for coverage of services up to three months prior to application.
- **Reducing access to reproductive health care:** Many Wisconsinites rely on community providers, such as Planned Parenthood, who primarily provide family planning services, reproductive health, and related medical care, for their health care needs. This new law prohibits Medicaid payments for one year to such providers if they meet the definition of prohibited entity and provide abortions other than those provided if the pregnancy is the result of an act of rape or incest or to save the life of the pregnant woman. This prohibition on payments could lead to clinics closing or to financial instability of these clinics for years to come. On July 28, 2025, a preliminary injunction was issued, pausing this provision from going into effect with respect to Planned Parenthood, but does not address other providers who may be subject to this ban.

Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (or “SNAP,” known as “FoodShare” in Wisconsin) helps provide nearly 700,000 Wisconsinites, including seniors, kids, and families, with basic food necessities. Anyone with a Wisconsin QUEST card has FoodShare. SNAP is good for Wisconsin’s families and good for Wisconsin’s farmers, grocers, and local economies. For every \$1 in SNAP benefits, working families across Wisconsin generate \$1.50 for our state’s economy by shopping at local stores and farmers markets.

The budget reconciliation bill passed by Congress and signed by the president breaks the federal government’s long-standing commitment to ensuring that, in our country, basic needs such as food are available to everyone.

Overview: SNAP Provisions and Increased Costs Shifted to Wisconsin Taxpayers

- **Increasing red tape for basic food assistance:** This bill makes it harder for parents, kids, and older adults to get food assistance by increasing work requirement barriers to include adults through age 64, if there is not a child under age 14 in their home. Previously, the requirements applied to adults ages 54 and below who didn’t have a child under age 18 living in their home. It

also now applies to parents with children ages 14-17 who were previously exempt from the requirement. In addition to systems and other implementation costs, this provision is estimated to cost Wisconsin taxpayers an increase of \$14.6 million, starting in state fiscal year 2026, in FoodShare Employment and Training (FSET) costs. The Department of Health Services estimates, based on current FoodShare enrollment data, approximately 43,700 Wisconsinites will be subject to these new requirements with about half at immediate, high risk of losing benefits. These red-tape requirements were effective immediately when the bill was signed on July 4, 2025, and the federal government is in the process of developing implementation guidance for states. When the Department of Health Services receives guidance from the federal government, it will provide more information to Wisconsinites about the requirements and when they are effective.

- **Increasing costs for Wisconsin taxpayers to achieve a low error rate over the long-term or share the costs of SNAP benefits:** For the entire 80-year history of the SNAP program, the federal government funded every dollar of SNAP food benefits. Under the new law, beginning October 1, 2027, states will be required to share 5-15% of SNAP benefit costs if the state's annual payment error rate is above 6%. Wisconsin's payment error rate is typically one of the lowest in the country, with the most recent federal data available from federal fiscal year 2024 showing our state's FoodShare (SNAP) error rate was 4.47%. However, rates naturally fluctuate, and even more so when the federal government changes program policies and standards with virtually no notice and is inconsistent with its definition of an error. This lack of consistency and clarity from the federal administration is concerning and may result in punitive fines through an annual error rate above 6% that Wisconsin taxpayers will ultimately have to pay for. Achieving and maintaining Wisconsin's historically low error rate while implementing the other provisions in the reconciliation bill will require additional state and county quality control staff. Failing to do so will have even larger consequences for the state and Wisconsin taxpayers. Ultimately, the cost of providing enough resources and staff to achieve and maintain an error rate below 6% pales in comparison to the significant and ongoing fiscal consequences Wisconsin taxpayers would face if the payment error rate exceeds 6%. States can leverage quality control staff to eliminate errors and keep their error rates low if they identify and address errors before a case is confirmed. Investing in more quality control staff is the most cost-effective action Wisconsin can take to achieve and maintain an error rate below 6% over the long-term and avoid paying for benefit costs. The Department of Health Services will need up to \$11.4 million per year starting this state fiscal year to hire additional FoodShare quality control staff to review cases before they are confirmed to identify and address errors. For example, based on the most recent year of benefit cost data (state fiscal year 2025), if Wisconsin's error rate was over 6%, the new changes under the 'Big Beautiful Bill' would cost Wisconsin taxpayers as much as \$205.5 million annually.
- **Shifting administrative costs to states and counties:** Previously, the federal government and states shared equally the costs to administer the SNAP program. However, under the new law, the federal government has shifted an additional 25% of the administrative costs to states, so Wisconsin's share of administrative costs will increase from 50% to 75% beginning October 1, 2026. In Wisconsin, the Department of Health Services and counties both cover the state share of these costs, making sure that SNAP eligibility decisions are accurate and occur in a timely manner.

This change will cost the State of Wisconsin and our counties approximately \$43.5 million annually starting state fiscal year 2027, with costs expected to grow over time.

- **Eliminating cost-saving education programs:** SNAP provides states with funding to help people receiving food assistance benefits get the best information possible about healthy eating, physical activity, and thrifty shopping. The state shares this education funding with UW-Extension, federally recognized Tribal nations, and other community partners. In 2024, SNAP education programs provided 145,733 people with education about healthy eating, physical activity and thrifty shopping. This bill eliminates this SNAP education funding entirely, with Wisconsin losing \$12 million annually starting October 1, 2025. For every \$1 spent providing this program, \$10 is saved in long-term health care costs. The elimination of this program will result in a great reduction of policy, system, and environmental change work that supports healthy lifestyles and healthy choices.

Next Steps to Implement the Federal Budget Reconciliation Bill

The Department of Health Services will not be able to absorb all of the increased costs associated with the 'One Big Beautiful Bill Act' changes. The Department of Health Services will:

- Use existing budget resources to begin implementing the system changes for the new federal red-tape requirements to the extent possible once full details are available from the federal government.
- Need \$69.2 million in funding for the current 2025-27 biennium pay for an increased share of administrative costs from state GPR because the federal government shifted these costs to states, including Wisconsin taxpayers, and pay for higher costs for the FSET program due to the anticipated enrollment increase, and to hire 56 state FTE and county quality control positions to consistently achieve and maintain a FoodShare payment error rate in Wisconsin below 6 percent over the long-term.
- Need funding in the 2027-2029 state budget to implement, operate, and sustain the Medicaid and FoodShare employment and training programs.

The Department of Health Services will continue to provide updates to partners, providers, and the public as we receive further guidance from the federal government about how to fully implement these policy changes.