

The One Big Beautiful Bill Act (OBBBA) Act and Health Coverage for Illinois' Low-Income Older Adults and Adults with Disabilities

In this brief, Avisery will highlight how the recent federal budget legislation's impact on low-income adults 60+ and/or with disabilities in Illinois will depend on which sources of insurance coverage they utilize and when the changes are scheduled to go into effect. Keep reading for further **details highlighting the bill's known and potential impact on Medicare and Medicaid coverage for low-income older adults and adults with disabilities in Illinois**, including the timing of specific changes. You can also find these changes summarized in table form [here](#).

Note that the legislation also makes significant changes to the operation of Marketplace plans which will not be discussed here. See this link for further information on [Marketplace changes](#).

Background

On July 4, 2025, President Trump signed federal budget legislation (the One Big Beautiful Bill Act, or OBBBA) that will bring sweeping changes to publicly funded health programs over the next ten years. The Congressional Budget Office estimates that as many as 12 million fewer Americans will be insured by 2034 because of the Act. In addition to direct loss of insurance coverage, the Act uses several strategies to shift Medicaid costs from the federal to the state level and limits the ability of state governments to raise additional revenue in response. The Illinois Department of Healthcare and Family Services [estimates](#) that as many as 330,000 residents will become uninsured and the state will lose \$52 Billion in federal funding over ten years.

Federal legislation specifies which medical services state Medicaid agencies are required to cover and for which populations (e.g., pregnant women, children, seniors). When not expressly prohibited by federal law, state Medicaid agencies can expand eligibility guidelines and can cover optional health services. (See this [link](#) for a full list of optional Medicaid benefits, including prescription drugs, dental, vision, hearing, and community-based long term services and supports). Given the increased pressures that the Act will put on Illinois's budget, **Avisery does anticipate that additional changes to Medicaid coverage will be coming to Illinois**. Because the actions Illinois may be forced to take in response to the new Act and the timing of those actions both remain uncertain, this **alert describes only changes specified in the legislation itself**.

Medicare: A Change to Immigrant Eligibility is the Only Direct Impact on Medicare Beneficiaries

The OBBBA has few provisions that will directly impact Medicare beneficiaries, with the notable exception of **eliminating Medicare eligibility for most immigrants who lack Legal Permanent Resident (LPR) status** (aka, “green card holders:). Under current law, lawfully residing residents who are not LPRs -- including those with Temporary Protected Status, refugees, asylees, parolees, certain abused spouses and children and certain victims of trafficking -- can enroll in Medicare. Under the new Act, **the only immigrants with non-LPR status who can enroll in Medicare will be Cuban-Haitian entrants and people residing under the Compacts of Free Association.** This change **goes into effect immediately for any new Medicare enrollments.** Additionally, coverage for current Medicare beneficiaries in these newly designated non-eligible immigrant categories **will terminate in 18 months.** Beginning January 1, 2027, these individuals will also not be eligible for premium tax credits through the Marketplace.

Medicaid – All Categories: A Similar Narrowing of Immigrant Eligibility

As with Medicare, under the Act, **numerous classes of immigrant will no longer qualify for any type of federal Medicaid coverage.** The timeline for this change differs from Medicare as it **will not go into effect until October 1, 2026.** As of that date, the only non-citizens who will be eligible for Medicaid will be legal permanent residents (LPRs) with 5 years of residency status, Cuban-Haitian entrants, or people residing under the Compacts of Free Association. Although the immigrant groups losing Medicaid eligibility will still qualify for Emergency Medicaid, the Act will lower the federal match for costs related to the Emergency Medicaid program from 90% to 51% also as of October 1, 2026.

Note that Illinois does provide some 100% state-funded health coverage for immigrants regardless of legal status. These programs are not directly impacted by this legislation.

Medicaid – ACA Adult Category: OBBBA Imposes New Administrative Burdens that Could Result in Dramatic Loss of Coverage

With some exceptions, adults aged 19-64 who are receiving Medicaid through the ACA Adult Medicaid (aka, “Medicaid expansion”) program **will be subject to work/community engagement requirements beginning December 31, 2026.** At that time, they will also begin undergoing **twice-yearly Medicaid redetermination** and, if their income is above 100% of the Federal Poverty Level, **may be responsible for some share of their medical expenses starting October 1, 2028.**

Avisery is aware that some individuals enrolled in the ACA Adult category have disabling conditions that the Social Security Administration (SSA) has determined do not qualify as a “disability” but that still prevent these individuals from regular work. Additionally, some ACA Medicaid enrollees may be awaiting completion of the SSA disability determination process that would allow them to transition to the Aid to Aged, Blind, and Disabled (AABD) Medicaid category. Finally, some individuals with disabilities under the age of 65 and who are currently enrolled in ACA Medicaid have too high an income to qualify for AABD Medicaid. Avisery anticipates that many ACA Medicaid enrollees subject to work/community engagement requirements will have disabling conditions that make it difficult to meet those requirements, resulting in loss of their Medicaid coverage.

The ACT does stipulate that **some ACA Adult populations will be “excluded” from work/community engagement requirements**. This includes individuals who are: eligible for the Indian Health Service, pregnant or post-partum, “medically frail or otherwise has special medical needs” (to be fully defined at a later date), residing in a public institution, or experiencing a qualifying short-term hardship (also to be defined later.) It also exempts individuals who provide care to children under 14 or to an individual with a disability and veterans who have been designated to have a total disability. Some additional excluded categories exist or could be added later.

Medicaid: Aid to Aged Blind and Disabled Category (AABD): No Direct Impact Beyond Immigrant Eligibility Changes

It is important to note that the new Medicaid work, redetermination, and cost sharing requirements described above **will not apply to individuals enrolled in the AABD Medicaid** category. In other words, the only legislative change that directly impact this group will be the previously mentioned narrowing of immigrant eligibility beginning October 1, 2026.

Conclusion

As shown in this brief, the One Big Beautiful Budget Bill Act will impact both the residents and the healthcare economy of Illinois over the next ten years, **but the direct consequences for specific individuals will depend on their insurance coverage and the effective date of the various provisions**. In addition to the loss of federal health care dollars coming to the state, the administrative burden of implementing work requirements, more frequent redeterminations, and eligibility changes will impose significant costs on state agencies, particularly given the relatively short implementation timeframes. Avisery will strive to provide accurate and timely information to help Illinois professionals stay abreast of key changes to eligibility, enrollment, and costs of health care coverage for older adults and adults with disabilities in Illinois due to the OBBBA.