APHSA
American Public Human Services Association

2025 Budget Reconciliation Updates

Key Human Services Provisions

Last Updated: July 1, 2025

Background: On May 22, 2025, the House of Representatives passed H.R.1, One Big Beautiful Bill Act. The Senate passed its version on July 1, 2025. The House of Representatives can now either take a vote on the Senate-passed version or go to a conference committee to work out differences between the two bills.

Budget Reconciliation is a special legislative process used by Congress where a simple majority of both the House and Senate is required—thereby avoiding the filibuster in the Senate—but the bill is required to address only certain tax, mandatory spending, and debt limit legislation. Policy changes that do not have a direct or significant budget impact are generally prohibited under what is called the "Byrd Rule."

Below is a summary of major provisions that were included in both bills that have an impact on state and local human services agencies. Included are the Senate's proposed changes to the House bill. As the Budget Reconciliation process evolves, APHSA will continue to update this summary. For questions or clarifications regarding this document, please contact Lexie Kuznick, Director of Policy and Government Relations at APHSA.

Importantly, based on the bill's anticipated increase to the deficit, experts expect a sequestration of funding of other human services programs will be triggered under the Statutory Pay-As-You-Go Act of 2010 (S-PAYGO). Congress could still take action to prevent S-PAYGO from applying to H.R.1, but if they do not, we believe that S-PAYGO would lead to the complete elimination of funding for 10 years for the Social Service Block Grant (SSBG); Maternal, Infant, Early Child Home Visiting (MIECHV); and Promoting Safe and Stable Families (PSSF), and have small reductions of funding to federal administrative costs related to the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and child support. It would also lead to a 4 percent reduction in Medicare funding. Notably, S-PAYGO has not been triggered since its 2010 passage due to Congressional action to avoid its application.

Table of Contents

SNAP

Unless specifically noted otherwise, these changes are written to be effective immediately upon passage.

Section 10001: Thrifty Food Plan:

- Specifies percentages of the Thrifty Food Plan for household sizes.
- Requires a reevaluation of the Thrifty Food Plan not earlier than October 1, 2028, and not more frequently than every five years, based on current food prices, consumption data, and dietary guidance.
- Requires that any update be published with its methodology and results in the Federal Register and allows for a comment period of at least 60 days.
- Requires that any adjustment be cost neutral.
- Requires the Secretary to adjust the Thrifty Food Plan to reflect changes in the Consumer Price Index each fiscal year and make cost adjustments for the urban and rural parts of Hawaii and Alaska, as well as for Guam and the Virgin Islands.
- **Notable Senate Differences:**
    - The percentages of the Thrifty Food Plan for household sizes differ slightly from the designations in the House bill.
    - Moves the date at which the reevaluation of the Thrifty Food Plan can occur up to October 1, 2027, and does not include the House limit of every five years.
    - Does not include the House requirement that updates be published in the Federal Register.
    - Removes the House's cost adjustments for rural parts of Hawaii.
    - Removes House's cap of CPI increases for Alaska, Hawaii, Guam, and the Virgin Islands that tied to rest of country's rate of inflation.

Section 10002: Able-Bodied Adults Without Dependents Work Requirements:

- Changes the Able-Bodied Adults Without Dependents (ABAWD) work requirement age range to those 18-64 (currently 18-54).
- Changes the exception for those with dependent children to only apply to children under seven (currently applies for all children under 18).
- Creates a new exception for those who have a dependent child over seven and reside with and are married to an individual who is in compliance with the general SNAP work requirement.
- Keeps in place the exceptions for people who are experiencing homelessness, under 24 and aged out of foster care at 18, or a veteran through October 1, 2030.

- **Notable Senate Differences:**

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- Changes the new exception for those who have a dependent child to a child under the age of 14. **Please note that this has changed in the Senate-passed version from 10 to 14.**
- Removes the exceptions for people who are experiencing homelessness, under 24 and aged out of foster care at 18, or a veteran through October 1, 2030.
- Does not include the House's new exception for those who have a dependent child over seven and reside with and are married to an individual who is in compliance with the general SNAP work requirement.
- **The Senate-passed version also includes an exemption for individuals who are Indians, Urban Indians, California Indians, and other Indians who are eligible for the Indian Health Services.**
- **The latest Senate version also includes the opportunity for the Secretary to exempt those in noncontiguous states with an unemployment rate that is at or above 1.5 times the national unemployment rate. An exemption shall expire no later than December 31, 2028, and cannot be renewed.**

Section 10003: Able Bodied Adults Without Dependents Waivers:

- Limits ABAWD waivers to not exceed more than 12 consecutive months.
- Limits ABAWD waivers to only be permissible if the county or county-equivalent has an unemployment rate above 10% and removes the ability for waivers to be based on lack of sufficient jobs.
- Reduces discretionary exemptions from 8% to 1%.
- **Notable Senate Differences:**
  - Does not include the House limit of waivers to not exceed 12 consecutive months.
  - Does not include the House reduction of discretionary exemptions.
  - Does not limit the area to an individual county or county equivalent.

Section 10004: Availability of Standard Utility Allowances Based on Receipt of Energy Assistance:

- Limits the SNAP and Low-Income Home Energy Assistance Program (LIHEAP) connection (known as Heat & Eat) to only apply to households with an elderly or disabled member.
- Similarly, limits the exclusion of energy assistance from countable income to households with an elderly or disabled member.
- **No Notable Proposed Senate Differences**

Section 10005: Restrictions on Internet Expenses:

- Prohibits service fees associated with internet connection from being included in computing the excess shelter expense deduction.
- **Notable Senate Differences:**
    - Only slight language tweaks. **The latest language is simplified but accomplishes the same goals.**

Section 10006: Matching Funds Requirement:

- Establishes that beginning October 1, 2027, state agencies will be required to pay at least 5% of SNAP benefit allotments and will be adjusted based on SNAP Quality Control Payment Error Rates (PER) data from the most recent complete fiscal year as follows:
    - For states with a PER below 6%: 5% state match
    - For states with a PER 6-7.99%: 15% state match
    - For states with a PER 8-9.99%: 20% state match
    - For states with a PER at 10% or above: 25% state match
- Of note, this language does not alter existing liability requirements for state agencies.
- **Notable Senate Differences:**
    - Changes the House tiers to the following:
        - For states with a PER below 6%: 0% state match
        - For states with a PER 6-7.99%: 5% state match
        - For states with a PER 8-9.99%: 10% state match
        - For states with a PER at 10% or higher: 15% state match
    - Specifies that the Secretary may not apply Section 13(a)(1) of the Food and Nutrition Act to the payment or disposition of a state share. Our current interpretation is that this clarifies that the Secretary cannot compromise or modify the state share.
    - **Please note the Senate-passed language allows states to choose between using their PER in FY25 or FY26 to calculate their match percentage for FY28 and then use a PER from three years prior to determine their match rate for FY29 and subsequent years. Additionally, if, for FY25, the PER of a state multiplied by 1.5 is equal to or above 20%, the implementation date shall be FY29. If, for FY26, the PER of a state multiplied by 1.5 is equal to or above 20%, the implementation date for this section shall be FY30.**
    - **The Senate bill has also been updated to establish that the Secretary may not pay towards the cost of an allotment an amount that is greater than the established Federal share.**

Section 10007: Administrative Cost Sharing:

- Reduces the federal portion of administrative costs from 50% to 25% and therefore increases the state share of administrative costs to 75%. This would be effective immediately upon passage.
- **Notable Senate Differences:**
  - Changes the effective date to FY27 (October 1, 2026).
  - ~~Specifies that the Secretary may not apply Section 13(a)(1) of the Food and Nutrition Act to the payment or disposition of a State share.~~ ****Please note that this provision related to the Secretary's authority has been struck in the latest Senate-passed text.****

Section 10008: General Work Requirement Age:

- Changes the general work requirement to apply to ages 18-64 (currently 16-59) to align with the proposed ABAWD changes.
- Changes the dependent age for exemption to be under seven (currently under six) to align with the proposed ABAWD changes.
- **Notable Senate Differences:**
  - Senate language does not include these House-passed changes.

Section 10009: National Accuracy Clearinghouse:

- Expands the National Accuracy Clearinghouse to also be used to prevent multiple issuances of other federal and state assistance programs that a state agency administers through the integrated eligibility system that includes SNAP.
- **Notable Senate Differences:**
  - Senate language does not include these House-passed changes.

Section 10010: Quality Control Zero Tolerance:

- Beginning October 1, 2025, removes any tolerance level for SNAP quality control payment errors.
- **Notable Senate Differences:**
  - Senate language does not include these House-passed changes.

Section 10011: National Education and Obesity Prevention Grant Program Repealer:

- Repeals the SNAP-Ed program in its entirety.
- **Notable Senate Differences:**
  - Zeros out funding after FY25 but does not repeal the language authorizing the SNAP-Ed program.

Section 10012: Alien SNAP Eligibility:

- Limits SNAP eligibility to those who are a citizen or lawfully admitted for permanent residence with no intention of abandoning their residence in a foreign country.
- Continues to permit some Cuban nationals, and those allowed to live and work in the US under the Compacts of Free Association (COFA).
- It also codifies the existing requirement to count non-eligible, non-citizen income in any SNAP household benefit calculation.
- **Notable Senate Differences:**
    - Due to the Senate parliamentarian ruling, the majority revised the SNAP-eligible populations to include (3) aliens who have been granted the status of Cuban and Haitian entrants.

Medicaid

This summary covers key provisions of the House-passed and Senate-passed versions of Medicaid-related bill language but is not a comprehensive analysis. Additional provisions cover the allowed uses of Medicaid funding, payments to pharmacies, and more.

Sections 44101: Moratorium on Implementation of Rule Relating to Eligibility and Enrollment in Medicare Savings Programs & Section 44102: Moratorium on Implementation of Rule Relating to Eligibility and Enrollment for Medicaid, CHIP, and the Basic Health Program:

- Places a moratorium through January 1, 2035, on implementation of two final Centers for Medicare & Medicaid Services (CMS) rules related to Medicaid and Children's Health Insurance Program (CHIP) eligibility and enrollment:
    - September 2023 rule entitled, "Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment" (88 Fed. Reg. 65230).
    - April 2024 rule entitled "Medicaid Program; Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes" (89 Fed. Reg. 22780).
- **Notable Senate Differences:**
    - The Senate text lists certain provisions that apply to the moratorium.

Section 44103: Ensuring Appropriate Address Verification under the Medicaid and CHIP Programs:

- States must implement new systems and processes to:
    - No later than October 1, 2029, regularly obtain and verify enrollee address information using reliable sources named in the bill (e.g., USPS forwarding addresses, the National Change of Address database, or address information obtained by a contracted managed care organization).
    - Submit monthly enrollee data including Social Security Numbers to a new federal system monthly and at each eligibility determination or redetermination starting no later than October 1, 2029, to identify individuals enrolled in more than one state.

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- Disenroll individuals confirmed to be residing in another state unless they meet a federal exception.
- The U.S. Department of Health and Human Services (HHS) may waive state participation in the Public Assistance Reporting Information System (PARIS) once this new system is in place.

- **No Notable Senate Differences**

Section 44104: Modifying Certain State Requirements for Ensuring Deceased Individuals do not Remain Enrolled:

- Starting January 1, 2028, state Medicaid programs must check the Social Security Administration's Death Master File on at least a quarterly basis to determine whether Medicaid enrollees are deceased and disenroll individuals who are determined to be deceased. This information would be considered verified upon receipt.
- If found to be deceased, the individual must be disenrolled and payments discontinued. If it is found that coverage was stopped incorrectly, they must be reinstated and covered retroactively. States may also use additional electronic data sources to identify deceased individuals.
- **Notable Senate Differences:**
  - **The Senate-passed version updates the implementation of this provision to January 1, 2027.**

Section 44105: Medicaid Provider Screening Requirements & Section 44106: Additional Medicaid Provider Screening Requirements:

- States must enhance provider screening protocols starting January 1, 2028, including:
  - Monthly checks of whether providers have been terminated by Medicare or any other state's Medicaid or CHIP program.
  - Quarterly checks to confirm that enrolled providers or suppliers are not deceased using the Social Security Administration's Death Master File.
- **No Notable Senate Differences**

Section 44107: Removing Good Faith Waiver for Payment Reduction Related to Certain Erroneous Excess Payments Under Medicaid:

- Starting October 1, 2029, the Secretary of the U.S. Department of Health and Human Services will be limited in their ability to waive reduction of payment when a state is in excess of the 3% allowable error rate for the Payment Error Rate Measurement Program (PERM). Waivers would no longer be able to exceed the reduction that would otherwise be required and the sum of payments made in error if they are directly attributable to payments to ineligible individuals or for ineligible services.
- When determining overpayments, the Secretary must count all payments identified by the PERM, Medicaid Eligibility Quality Control (MEQC), and audits by the Health and Human Services (HHS) Inspector General or any other independent audit.

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- **Notable Senate Differences:**
    - Senate Section 71106 clarifies that only payments identified through federal audits count toward the error threshold, and caps waiver amounts to the total value of specific types of erroneous payments. It also expands what qualifies as an erroneous payment to include services provided to ineligible individuals or when eligibility cannot be confirmed.
    - **Senate-passed version has slight language changes.**

Section 44108: Increasing Frequency of Eligibility Redeterminations for Certain Individuals:

- Beginning December 31, 2026, state agencies must conduct redeterminations of eligibility for adults enrolled under the Affordable Care Act (ACA) expansion group (Medicaid subsection (a)(10)(A)(i)(VIII)) once every six months (currently once every 12 months).
- This will impact redeterminations scheduled on or after December 31, 2026.
- **Notable Senate Differences:**
    - HHS must issue guidance within 180 days of this law's enactment to support implementation.
    - Exemptions for those who receive SSI benefits.

Section 44109: Revising Home Equity Limit for Determining Eligibility for Long-Term Care Services Under the Medicaid Program:

- Starting January 1, 2028, establishes a ceiling of $1,000,000 for permissible home equity values for individuals when determining allowable assets for Medicaid beneficiaries that are eligible for long-term care services. This section also prohibits the use of asset disregards from being applied to waive home equity limits.
- **No Notable Senate Differences**

Section 44110: Prohibiting Federal Financial Participation Under Medicaid and CHIP for Individuals Without Verified Citizenship, Nationality, or Satisfactory Immigration Status:

- Starting October 1, 2026, makes the 90-day "reasonable opportunity" period for people to receive medical coverage while verifying citizenship or immigration status optional for states rather than its current mandatory form.
- Limits any federal match for coverage under the "reasonable opportunity" period for only circumstances where the citizenship or immigration statuses are successfully verified by the end of the period.
- **Please note that this provision was struck in the Senate-passed version due to the Byrd Rule.**

<u>**New Senate-only Provision**</u> **- Section 71109: Alien Medicaid Eligibility:**

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- Limits federal Medicaid funding only to U.S. citizens, nationals, lawful permanent residents, certain Cuban parolees, and individuals under Compacts of Free Association, beginning October 1, 2026.
- **The Senate-passed bill amends this language to include aliens who have been granted the status of Cuban and Haitian entrants.**

Section 44111: Reducing Expansion FMAP for Certain States Providing Payments for Health Care Furnished to Certain Individuals:

- Beginning for calendar quarters on or after December 31, 2027, reduces the Federal Medical Assistance Percentage (FMAP) for the adult expansion population from 90% to 80% for any state that provides any form of financial assistance in whole or in part under Medicaid or another state program to or on behalf of an alien who is not a qualified alien and is not a child or pregnant woman who is lawfully residing in the United States and receiving medical assistance pursuant to section 1903(v)(4) to purchase or provide comprehensive health coverage to these same individuals.
- Applies whether the coverage is provided directly or through premium subsidies, regardless of the funding source.
- **No Notable Senate Differences**
- **The Senate parliamentarian has determined this provision does not pass the Byrd Rule and has been struck from the Senate-passed version.**

<u>New Senate-only Provision</u> - Section 71110: Expansion FMAP for Emergency Medicaid:

- Limits states to receiving only their regular FMAP rate for federal matching funds for emergency medical care provided to immigrants.

Section 44121: Moratorium on Implementation of Rule Relating to Staffing Standards for Long-Term Care Facilities Under the Medicare and Medicaid Program:

- 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" (89 Fed. Reg. 40876) until January 1, 2035.
- **Notable Senate Differences:**
    - The Senate text lists certain provisions that apply to the moratorium.

Section 44122: Modifying Retroactive Coverage Under the Medicaid and CHIP Program:

- Starting October 1, 2026, limits retroactive eligibility under Medicaid and CHIP to one month prior to the application month (instead of three months for Medicaid, and none currently for CHIP).

- **Notable Senate Differences:**
    - Senate Section 71114 further clarifies limits on retroactive eligibility to 1month preceding enrollment for ACA Medicaid expansion beneficiaries and 2 months for traditional Medicaid beneficiaries.

Section 44131: Sunsetting Eligibility for Increased FMAP for New Expansion States:

- Sunsets the temporary 5% FMAP increase to states that opted to expand Medicaid after March 11, 2021, from the American Rescue Plan Act.
- Applies on a prospective basis, so any state must begin expending funding for the expansion population prior to January 1, 2026, to receive the enhanced match.
- **No Notable Senate Differences**

Section 44132: Moratorium on New or Increased Provider Taxes:

- Directly upon enactment of the legislation, freezes, at the current rate, states' provider taxes and prohibits states from establishing new or increased provider taxes.
- States cannot implement new or increased provider taxes unless state legislation or regulation provided for them or are adopted prior to the enactment of this legislation.
- **Notable Senate Differences:**
    - Senate Section 71115 incrementally lowers the allowable rate of provider taxes, beginning in FY28 at 5.5% to 3.5% by FY32, for expansion states only.

Section 44133: Revising the Payment Limit for Certain State Directed Payments:

- Requires the Secretary of HHS to revise regulations to limit total payment rates made through managed care state directed payments (starting with services provided after this law takes effect) as follows:
    - For states that provide full coverage to adults under the ACA expansion (42 U.S.C. 1396a(a)(10)(A)(i)(VIII)) equivalent to minimum essential coverage: Payments for services must not exceed 100% of the Medicare rate (or an equivalent if no Medicare rate is published).
    - For all other states: Payments must not exceed 110% of the Medicare rate (or an equivalent if no Medicare rate is published).
- If a state starts providing ACA expansion coverage (as described earlier) on or after the date this law is enacted, the payment limits outlined in subsection (a)—100% of the Medicare rate—will apply to that state for services provided on or after the date it begins offering such coverage. This applies even if the payment had prior written approval before that date.
- Defines the term "equivalent Medicare payment rate" as the payment amounts for similar services established under Medicare Part A or Part B.
- **Notable Senate Differences:**
    - Senate Section 71121 reduces state directed payments by 10% every year until they reach 100% (or 110% for non-expansion states) of Medicare rates.

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Section 44134: Requirements Regarding Waiver of Uniform Tax Requirement for Medicaid Provider Tax:

- Beginning upon enactment of this legislation and with up to a three-year transition period, modifies the criteria HHS must consider when determining whether certain health care-related taxes are redistributive.
- Under this section, a tax would not be considered generally redistributive if, within a permissible class, the tax rate imposed on the taxpayer or tax rate group explicitly defined by its relatively lower volume or percentage of Medicaid taxable units is lower than the tax rate imposed on any other taxpayer or tax rate group explicitly defined by its relatively higher volume or percentage of Medicaid taxable units. The tax would also not be considered generally redistributive if, within a permissible class, the tax rate imposed on any taxpayer or tax rate group based upon its Medicaid taxable units is *higher* than the tax rate imposed on any taxpayer or tax rate group based upon its non-Medicaid taxable unit.
- If a state has a health care-related tax waiver that meets at least one of these criteria as of the date of enactment of this legislation, the waiver must be modified to comply with these requirements. This section provides a transition period for non-compliant programs, after which a state whose health care-related taxes do not adhere to all federal requirements would be penalized by the sum of those revenues received by the state.
- **Notable Senate Differences:**
    - Senate language clarifies that this provision does not apply to territories.

Section 44135: Requiring Budget Neutrality for Medicaid Demonstrations Projects Under Section 1115:

- Requires HHS to certify that federal costs do not exceed what would have been spent without the waiver.
- Applies to all demonstration projects under Section 1115 of the Social Security Act.
- Directs HHS to specify the methodology for applying project-generated savings to allowable costs in project extensions and future approvals.
- **No Notable Senate Differences**

Section 44141: Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals:

- Not later than December 31, 2026, states must require "able-bodied adults" aged 19 to 64 without dependents and who are enrolled in the adult expansion or waiver program equivalent to minimum essential coverage to complete 80 hours/month of work, education, community service, or a combination, or earn an income representing at least 80 hours of minimum wage per month.
- Exemptions include:
    - Pregnant women
    - People under 19 or over 64
    - Former foster youth under 26

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- Tribal members and Alaska Natives
    - Veterans with rated disabilities
    - Medically frail individuals
    - People participating in a substance use or alcohol use disorder treatment program
    - People who are compliant with TANF/SNAP work requirements
    - People who are parents or caregivers of a dependent child or someone with a disability
    - People who are currently incarcerated or have been released within the past 90 days
- At the state option, allows short-term hardship waivers for:
    - People who are receiving in-person hospital services, skilled nursing, inpatient psychiatric treatment, or other medical services of similar acuity including outpatient care as determined by the Secretary,
    - Natural disasters, and
    - Counties in which there is an unemployment rate of over 8% or 1.5 times the national rate.
- States must verify compliance at minimum for the month preceding enrollment and redetermination, or more frequently if the state chooses.
- Requires states to streamline and simplify verifications where possible, similar to ex parte renewals.
- For those in non-compliance, the state must provide individual outreach and provide 30 days for the individual to make a satisfactory showing that the requirements are being met or are not applicable. The individual can maintain coverage during these 30 days.
    - Prohibits the community engagement requirement to be waived via an 1115 demonstration waiver.
    - Permits people to continue to receive minimum essential coverage even if the requirement is not met.
- Beginning no later than October 1, 2026, and at least 3 months prior to the state's compliance date if opted to be earlier, requires states to provide targeted outreach to those who will be required to demonstrate community engagement on how to comply, the consequences of noncompliance, and how to report a change in compliance. Outreach must be done by regular mail and at least one additional method (e.g., phone, text or email)
- HHS is required to issue guidance on initial implementation by December 31, 2025.
- Appropriates $100 million for FY26 to states for the purposes of establishing the systems necessary to carry out the provisions and the amendments of this section, and an additional $50 million to HHS to support the implementation of this section.
- **Notable Senate Differences:**
    - Senate Section 71124 defines parents exempt for community engagement requirements to a parent of a dependent child aged 14 or younger.
    - Clarifies that states must continue to provide coverage during 30-day window of notification of non-compliance.
    - Adds family caregiver to those exempt, as defined in RAISE Family Caregivers Act.
    - Expands the definition of "short-term hardship event" to include individuals receiving outpatient care or traveling long distances to receive specialized care.

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  - Allows states to ask the Secretary for additional exemptions, but any additional exemptions granted will automatically expire December 31, 2028.

Section 44142: Modifying Cost Sharing Requirements for Certain Expansion Individuals Under the Medicaid Program:

- Beginning October 1, 2028, requires states to impose cost sharing on expansion adults with incomes over 100% the federal poverty level (FPL).
- Requires that cost sharing be between $0 to $35 (currently $100) per service and may not be more than 5% of an individual's income, consistent with existing Medicaid rules.
- Retains current cost sharing limits on prescription drugs for those at or below 150% FPL at $4 for preferred drugs and $8 for no-preferred (and up to 20% of drug's Medicaid cost for people above 150% FPL).
- Prohibits cost sharing for primary care, prenatal care, pediatric services, and emergency care, except for non-emergency use of the ER.
- **No Notable Senate Differences**

Other Key Provisions

Section 110004: Extension of Increased Child Tax Credit (CTC) and Temporary Enhancement:

- Temporarily increases the child tax credit from $1,000 to $2,500 for tax years 2025 through 2028, and $2,000 thereafter. The maximum amount of refundable credit will be indexed to inflation and rounded to the next lowest multiple of $100.
- The maximum refundable credit shall not exceed $1,400 per qualifying child.
- To receive the credit, a Social Security number is required for the individual, the qualifying child, and spouse, if applicable. This permanently extends a provision from the 2017 Tax Cuts and Jobs Act that disqualifies children without a Social Security number from receiving the CTC.
- Married people who file separately are unable to claim the CTC.

- **Notable Senate Differences:**
  - Permanently keeps the $2,000 child tax credit per child and the $1,400 refundable portion (adjusted for inflation to $1,700 in 2025).
  - Makes permanent the increased income phase-out threshold amounts of $200,000 (single)/$400,000 (joint).
  - Makes permanent the $500 non-refundable credit for non-child dependents.
  - Increases the nonrefundable child tax credit to $2,200 per child in 2025, and indexes it for inflation thereafter (rounded down to nearest $100).
  - Makes the Social Security number requirements permanent and expanded:

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    - Child must have a work-eligible Social Security number.
    - Taxpayer and at least one spouse (if filing jointly) must also have work-eligible Social Security numbers to claim the credit.
  - No provision on married people filing separately being unable to claim the CTC.
- **The Senate parliamentarian ruled that a provision in this section requiring a pre-certification process for EITC eligibility violates the Byrd rule, resulting in the EITC pre-certification requirement being removed from the Senate bill.**

Section 43201: Artificial Intelligence and Information Technology Modernization Initiative:

- Includes $500 million to the Department of Commerce through FY35. The funding should be used for, among other things, "to support the replacement and modernization of legacy business systems with state-of-the-art commercial artificial intelligence systems and automated decision systems, the adoption of artificial intelligence models that increase operational efficiency and service delivery."
- States that no state or political subdivision may enforce any law or regulation regulating artificial intelligence (AI) models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of the Act. However, it does not affect generally applicable laws that treat AI systems the same as other technologies.
- **Please note that this provision was struck in the Senate-passed version.**

Section 70200: Review of Agency Rulemaking:

- Appropriates $100 million to OMB for FY25-FY28, to conduct a deregulation initiative that includes improving regulatory processes and analyzing and reviewing rules issued by the Departments of Health and Human Services, Education, Energy, Homeland Security, Justice, Consumer Financial Protection Bureau, and the Environmental Protection Agency.
- **Please note that this provision was struck in the Senate-passed version.**

Section 71401: Rural Health Transformation Program

- This new section of the bill creates a Rural Health Transformation Program under the Social Security Act to support rural health systems. It provides $50 billion in funding (FY26–30) to states to improve access, outcomes, and sustainability of rural health care through a competitive, one-time application process.
- Funding: $10 billion per year from FY26 through FY30.
- Unspent Funds: Must be returned to the Treasury if unspent by FY32.
- Redistribution: CMS can redistribute unspent funds annually beginning March 31, 2028 through March 31, 2032.

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