



The  
One Big  
Beautiful  
Bill Act:

# Implications for Providers

A Strategic Guide for Providers to Manage Policy  
Change, Protect Margins, and Advance Value-Based  
Care Goals



# Why This Moment Matters

The U.S. healthcare landscape is evolving, again. The One Big Beautiful Bill Act (OBBBA) introduces broad policy modifications with implications for health plans, multiplying operational and compliance complexity, introducing new rules, expectations, and infrastructure changes.

New federal requirements, shifts in eligibility criteria, and operational demands primarily affect Medicaid Managed Care Organizations (MMCOs) and Affordable Care Act (ACA) Marketplace plans.

Challenges include alterations to Medicaid funding, ACA Marketplace rules, new benefit options, higher rates of Medicaid disenrollment, and increased administrative tasks for health plans.

Without the right support, health plans and providers could have difficulty maintaining compliance, protecting margins, and keeping members engaged. Navigating these changes can be made easier with proactive strategies designed to help health plans adapt and succeed.

## This guide explores how to:

- Address key issues affecting healthcare providers that the bill will likely intensify
- Navigate policy shifts without losing momentum
- Cut operational costs through automation and innovation

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\$1.2T: % of Total Cuts	Healthcare Policy Impacts	Challenges
33.00%	 Work requirements & eligibility	↑ Administrative burdens
16.08%	 Provider payment & tax limits	Operational strain & strategic shifts
13.58%	 Enrollment & coverage restrictions	↑ Administrative burdens
11.58%	 ACA subsidy & cost-sharing cuts	Market exits, higher premiums
6.00%	 State-directed payment caps	Finance risk, margin pressure
3.92%	 FMAP & nursing home rule changes	Tighter reimbursements quality variability
2.08%	 Verification & cost-sharing	Higher premiums, reduced utilization
1.75%	 Other health offsets	↑ Administrative burdens, reimbursement caps
12.01%	 Unspecified/Interaction Effects	↑ Administrative burdens, churn

# Challenges Implicit in OBBBA

The OBBBA will reconfigure the health industry over the next decade, reducing federal spending by roughly \$1 trillion across healthcare. Strategic planning is crucial to navigate the coming changes. Improving operational efficiencies will become vital as funding becomes more limited. The continued delivery of high-quality care requires the deliberate analysis of technological advancements and how to implement them with efficiency and scalability. Organizations will need to realign resources to ensure financial stability.

The changes will affect payers, providers, and consumers in every state.<sup>1</sup>

Below, we consider the high-level impact of OBBBA changes on stakeholder operations.

## Payers

Under the OBBBA, the impact on payer markets is expected to be significant, including on MCOs and ACA Marketplace plans. Reductions in federal and state funding are planned as well as substantial membership disenrollments and extensive operational complexity. Budget cuts and reimbursement reductions are expected to force organizations to scale back services or delay investments, limiting their ability to meet member needs, invest in technology, or retain talent.

Challenges that will affect payers include:

- Increased administrative **burdens**
- Financial **pressure and risk** pool volatility
- Medicare Advantage **vulnerability** (PAYGO triggered cuts)
- **Potential** market exits
- **Strategic** shifts and innovation pressure

## Providers

As federal Medicaid funding contracts, healthcare providers, including hospitals and health systems, are likely to experience pressure with a rising number of uninsured patients. Medicaid eligibility provisions, which includes requirements for community engagement, will add administrative complexity for consumers to establish and maintain coverage. An inevitable outcome will be disenrollment.

Uncompensated care is likely to grow as millions of Americans lose eligibility. While some of the OBBBA's provisions that will impact providers will unfold over the next two years, some state limitations will occur over a longer period, making it essential for providers to respond quickly.

Challenges that will affect providers include:

- Revenue **reductions**
- Increased **uncompensated** care
- Administrative **complexity**
- **Delayed** regulatory relief
- Strategic and operational **pressure**

1. [https://www.congress.gov/crs\\_external\\_products/R/PDF/R48569/R48569.1.pdf](https://www.congress.gov/crs_external_products/R/PDF/R48569/R48569.1.pdf)  
<https://www.unionhealthcareinsight.com/post/obbbas-impact-on-healthcare-industry>  
<https://www.pwc.com/us/en/industries/health-industries/library/impact-of-obbba-on-us-health-system.html>  
<https://www.advisory.com/topics/strategic-and-business-planning/obbba-healthcare-impacts>  
<https://www.kff.org/policy-watch/how-will-the-2025-budget-reconciliation-affect-the-aca-medicaid-and-the-uninsured-rate/>

# | Specific Provider Challenges & Actions

OBBBA introduces a complex mix of policy shifts, funding changes, and operational demands. Providers — often the backbone of care for aging populations, underserved communities, and chronically ill patients — must now adapt to a landscape defined by tighter Medicaid eligibility, reduced reimbursements, and new regulatory requirements. Yet amid the challenges, there are also opportunities to **innovate, advocate, and to redefine** the role of care in a system under pressure.

Challenges that pressure operations include:



**Healthcare cuts** that will make it difficult to operate



**Negative impact** on medical loss ratios (MLRs)



**Provider** reimbursement reductions



**Difficulty** moving care inside the home



**Workforce** shortages and burnout



Pages 4 through 8 refer to **key actions** that payers can take to address these **five challenges**.

## Addressing Large-Scale Cuts

### Impact on Operations

Reduced federal Medicaid spending will increase pressure on states and providers to absorb more administrative and eligibility burdens without additional funding. Cuts may cause states to scale back or eliminate optional Medicaid benefits, such as long-term care services and support, behavioral health services, dental care, and women's health care, ultimately reducing the scope of Medicaid services. Providers will face more uninsured patients, especially in rural and underserved areas, increasing uncompensated care. They will experience operational strain and will need to rethink supply chains, contracting, and care delivery models to stay financially viable. Providers will be pressured to control the total cost of care and reduce over utilization through analytics and care coordination.

By the Numbers:

**40%** | Nearly 40% of Americans **skip medical care** because of cost concerns.<sup>2</sup>

2. <https://www.cbsnews.com/news/medical-care-costs-americans-skipped-gallup/>



#### Revenue Cycle Management (RCM)

Consider scaling back services, managing denials, and modeling financial impact:

- Streamline operations, focusing on automation and outsourcing to reduce overhead and improve scalability.
- Use predictive analytics to identify ways to increase collections.
- Optimize claims and denial management.
- Conduct root-cause analysis of denials by payer, service type, and coding.
- Apply AI-powered monitoring of service quality and coding accuracy.



#### Engage in Public-Private Collaboration, Optimize Supply Chain

- Partner with payers and policymakers, align on value-based care models and shared savings opportunities.
- Pilot innovative payment models, exploring bundled payments, capitation, and shared-risk arrangements.
- Rethink procurement and contracting, leverage group purchasing organizations, standardize supplies, and renegotiate service contracts.
- Advocate for rural and safety-net support, using volume-based discounts and shared services to offset disproportionate impacts.



#### Technology-Enabled Transformation

Implement AI-powered RCM:

- Use predictive analytics for claim denials and decision support.
- Automate billing, coding, and documentation workflows to reduce cost-to-collect.
- Implement real-time eligibility verification and payment integrity tools to recover lost revenue.
- Use GenAI agents for scheduling, intake, and outreach.
- Use speech analytics and GenAI agents to optimize the call center.
- Automate clinical summaries to reduce provider burnout.
- Implement cloud-based operations to ensure systems interoperability and centralize dashboards.



#### Clinical and Operational Support

Expand care coordination programs:

- Leverage GenAI tools to support clinical teams under staffing constraints.
- Automate front-office tasks using GenAI to reduce administrative burden.
- Optimize the call center and implement speech tools/analytics to improve patient engagement.
- Implement remote patient monitoring and virtual care.

## MLR Implications

Providers will experience reimbursement pressure as payers, under tighter MLR constraints, may reduce provider reimbursement rates to control costs and stay within mandated thresholds. Providers may face rate renegotiations or delays in payment, especially in Medicaid managed care contracts. Network restructuring may also result if payers narrow networks or shift to value-based contracts. Providers may be excluded or required to meet performance benchmarks to remain in-network. If payers increase prior authorization requirements or claims scrutiny to reduce unnecessary spending, the administrative burden will increase, delaying care delivery. As payers adopt value-based care models, they will transfer more financial risk to providers, who must invest in care coordination, analytics, and quality improvement to succeed.



### Strengthen Revenue Cycle Management (RCM)

Maximize revenue capture and reduce administrative costs that inflate MLR.

- Use predictive analytics to identify and prevent denials.
- Automate claims submission, coding, and appeals to reduce cost-to-collect.
- Improve point-of-service collections and eligibility verification to reduce bad debt.



### Improve Clinical Appropriateness of Care

Align care with value-based goals and reduce avoidable costs.

- Implement evidence-based care pathways to reduce unnecessary procedures.
- Use clinical decision support tools to guide appropriate diagnostics and treatments.
- Monitor utilization trends to identify and address overuse or underuse.



### Optimize Operational Efficiency

Prevent penalties and ensure accurate MLR reporting.

- Use GenAI and automation to streamline:
  - Documentation
  - Scheduling
  - Patient communications
- Outsource non-core functions (e.g., billing, call centers) to reduce overhead.



### Ensure Compliance and Audit Readiness

Prevent penalties and ensure accurate MLR reporting.

- Maintain accurate, complete documentation to support medical necessity and billing.
- Conduct internal audits and gap analyses to identify compliance risks.
- Align with CMS and state-level MLR reporting standards.

## By the Numbers:

# 11.8M

The Congressional Budget Office anticipates that 11.8 million individuals will **lose health insurance** over the next ten years.<sup>3</sup>

3. <https://nashp.org/what-health-care-provisions-of-the-one-big-beautiful-bill-act-mean-for-states/>

Actions:

## Addressing Reduced Provider Reimbursement

### Reduced Provider Reimbursement

Providers and payers are both affected by reduced reimbursements. Providers may deprioritize patients from plans with lower reimbursement, leading to delays or lower-quality care, which could result in poor health outcomes, affecting Star Ratings, HEDIS scores, and MLR performance, all of which impact payer revenue and reputation. Lower reimbursement will cause providers to reduce home-based or preventive services; patients may end up in EDs or SNFs, pressuring payers to absorb higher medical costs, and worsening MLRs and utilization metrics. Payers may struggle to implement value-based care models if providers aren't financially incentivized to participate, limiting opportunities for cost containment and long-term savings. Finally, limited provider availability and longer wait times will frustrate members, leading to lower Consumer Assessment of Healthcare Providers and Systems (CAHPS) scores and member retention, which directly affect plan competitiveness.

By the Numbers:



Private insurers typically reimburse providers at a **higher rate than Medicare**. For example, if Medicare pays \$100 for a procedure, private insurers might pay \$143.<sup>4</sup>

4. <https://www.forbes.com/sites/richardmenger/2025/02/11/medicare-is-failing-patients-a-new-bill-can-help-fix-that/>



#### Total Margin Management

Modeling the financial impact of the OBBBA by:

- Analyzing reimbursement baselines for Medicaid and Medicare.
- Forecasting changes in payer mix and patient volumes, especially due to increased uninsured populations.
- Controlling total cost of care using data analytics to identify avoidable utilization and high-cost patient segments.



#### Maximizing Reimbursement through AI

- Invest in quality transformation to automate workflow, reduce manual work, and protect staff from burnout and reduce avoidable readmissions and adverse events.
- Automate scheduling, documentation, patient communication, and coding to ensure accurate billing and capture of all eligible reimbursements.
- Outsource non-core functions (e.g., billing, call centers) to reduce overhead.



#### Operational Restructuring

To maintain financial viability:

- Optimizing the supply chain is the major focus, including:
  - Standardizing procurement. Participating in group purchasing organizations.
  - Managing purchased services strategically.
  - Renegotiating contracts with vendors and payers to align with new reimbursement realities.



#### Shifting Toward Preventive and Community-Based Care

- Emphasize preventive care to reduce long-term costs.
- Partner with community organizations to address social determinants of health (SDOH) (e.g., housing, food insecurity).
- Explore alternative care models like mobile clinics and telehealth to reach underserved population.
- Work with state governments to restructure Medicaid financing in light of reduced federal matching funds and provider tax limitations.

## Addressing Efforts to Move Care in the Home

### Efforts to Move Care Inside the Home

Pressure to shift care out of institutions is accelerating preventive and home-based care, which can help to avoid costly hospital stays or ED visits. Administrative burdens will increase for providers offering home-based care. At the same time, cuts to Medicaid and Medicare reimbursement for home health services and SNFs will make it harder for providers to sustain home-based care models. And it requires new infrastructure, staffing models, and reimbursement pathways. Many organizations lack the operational readiness or digital tools to scale home health effectively, leading to fragmented care and inconsistent outcomes. Both providers and payers need to adapt to these changes.



#### Reframe Home-Based Care as a Core Delivery Model

- **Shift from institutional to community-based care:** With the OBBBA tightening Medicaid eligibility and reducing subsidies, providers must prioritize cost-effective, person-centered care in the home.
- **Expand Home- and Community-Based Services (HCBS):** These services are essential for aging populations and those with chronic conditions, especially as institutional care becomes less accessible.



#### Strengthen Financial and Operational Resilience

- Model financial impact, using data analytics to simulate reimbursement changes and patient volume shifts due to increased uninsured populations.
- Control total cost of care, identifying avoidable or over utilization and high-cost patient segments to target with home-based interventions.
- Optimize supply chains, standardize procurement and leverage group purchasing organizations to reduce costs.



#### Invest in Technology and Infrastructure

- **Remote patient monitoring (RPM):** Deploy RPM for chronic disease management and post-acute care.
- **Telehealth platforms:** Ensure access to virtual care, especially for rural and underserved populations.
- **Interoperable data systems:** Facilitate care coordination across home health, primary care, and social services.



#### Build Strategic Partnerships

- **Collaborate with community organizations:** Address SDOH like housing, food, and transportation.
- **Partner with payers and states:** Co-develop value-based payment models and pilot programs that support home-based care delivery.

#### By the Numbers:

**50%** | 50% of adults **65 and older feel anxious** about being able to afford support services such as paid nurses or aides.<sup>5</sup>

5. <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>

## Actions: Addressing Staffing Issues

### Staffing Issues Affecting Stakeholders

Over the next decade, reduced revenue will limit providers' ability to hire, retain, and train staff even though they will need to expand administrative teams to manage eligibility tracking, billing adjustments, and patient transitions with more frequent redeterminations and disenrollments. Providers in expansion states (that are eligible for increased federal funding) will be hit hardest, as they lose access to enhanced federal matching funds and face tighter restrictions on provider taxes. Financial strain may lead to hiring freezes or layoffs, especially in rural and safety-net hospitals, reduced investment in training and career development, and higher turnover due to burnout and uncertainty.

#### By the Numbers:

**+ \$1.1T** | Eliminating the healthcare worker shortage by 2030 would **reduce disease burden by 7% and add \$1.1 trillion** to the global economy.<sup>6</sup>



#### Rethink Workforce Planning and Deployment

- **Scenario modeling:** Use data analytics to forecast staffing needs based on projected patient volume shifts, especially due to increased uninsured populations and deferred care.
- **Flexible staffing models:** Implement cross-training and float pools to allow staff to move between departments or facilities as needed.



#### Invest in Technology to Augment Human Resources

- **Automation and AI:** Use technology to reduce administrative burden, such as automating documentation, scheduling, and billing.
- **Telehealth and remote care platforms:** Enable clinicians to serve patients more efficiently, especially in rural or underserved areas.



#### Invest in Hybrid Staffing Models

- Consider models that combine onshore, nearshore, and offshore teams.
- **Clinical staffing augmentation:** Includes licensed nurses, care coordinators, and utilization review specialists to support provider operations.
- **Flexible labor pools:** Enable rapid deployment of trained personnel during redetermination cycles, open enrollment, or regulatory transitions.



#### Optimize Operational Efficiency

- **Supply chain and procurement:** Reduce non-labor costs to preserve staffing budgets. Use group purchasing organizations and strategic vendor management to free up resources.
- **Lean management practices:** Streamline workflows to reduce inefficiencies and improve staff productivity.

6. <https://www.mckinsey.com/mhi/our-insights/heartbeat-of-health-reimagining-the-healthcare-workforce-of-the-future>

# Navigating OBBBA with Confidence

OBBBA adds new complexity to an already shifting landscape, which includes rising medical costs, reimbursements gaps, negative operating margins, growing underpayments.

While the policy changes anticipated with OBBBA create substantial challenges, proactive planning and thoughtful consideration can help providers approach this moment as an opportunity to identify innovative ways to streamline their operations.

Sagility recommends strategic takeaways for providers:

## Focus on Total Margin Management

- Model financial impact of Medicaid and Medicare cuts, ACA subsidy reductions, and changing payer mix.
- Anticipate shifts in patient volumes and care utilization with scenario planning.
- Control total cost of care using analytics to identify avoidable utilization and optimize resource allocation.
- Improve affordability and resilience by rethinking supply chain and procurement strategies.

## Accelerate Value-Based Care (VBC) Adoption

- Treat VBC as a survival strategy, not just an option, in a restrictive fee-for-service environment.
- Embrace alternative payment models that reward care coordination, prevention, and chronic disease management.
- Invest in care coordination infrastructure, registries, and team-based workflows.

## Deploy Advanced Technology

- Use AI and automation to streamline operations like revenue cycle management, documentation, and supply chain tracking.
- Implement real-time analytics to flag inefficiencies and surface actionable insights.
- Leverage AI-enabled coding and risk adjustment tools to optimize reimbursement.

## Engage in Public Health Collaboration

- Partner with local health departments (LHDs) and community organizations to reduce duplication and extend reach.
- Pool resources to deliver community-facing programs more efficiently.
- Align public health efforts with value-based care goals to reduce ED visits and hospitalizations.

## Broaden Definitions of Care

- Address social determinants of health (SDOH) like housing, nutrition, and transportation.
- Design wellness programs tailored to vulnerable populations affected by coverage loss.
- Use incentives to promote preventive care and chronic condition management.

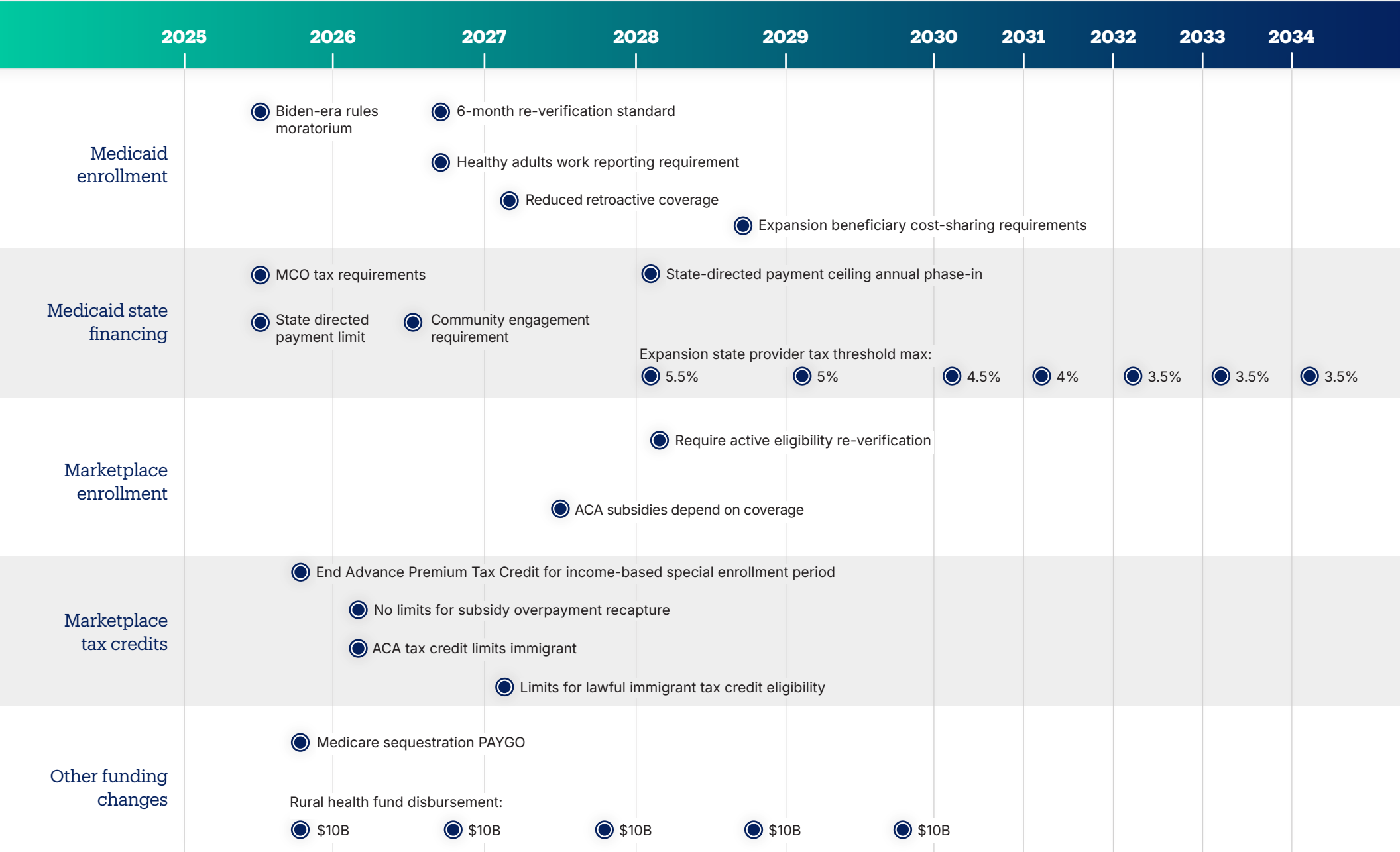
## Modernize Data Infrastructure

- Activate systems for real-time clinical and claims data exchange to support VBC and care coordination.
- Use platforms like FHIR-based APIs and AI-powered tools to meet new prior authorization and documentation standards.
- Apply for funding through programs like the Rural Health Transformation Program to support infrastructure upgrades.



# OBBBA Implementation Over Time

We also recommend considering these takeaways relative to the OBBBA implementation timeline:



# | Positioning Providers for Success

By proactively implementing these strategies, healthcare providers can position themselves to navigate the challenges posed by OBBBA and continue to deliver high-quality care amidst a transforming healthcare landscape.

To move forward with confidence, providers need a partner that can translate policy into performance. With an exclusive focus on the healthcare industry, our team of 300+ data scientists and 200+ Lean Six Sigma experts apply strategic precision to operational challenges, helping providers achieve measurable impact — without adding complexity.

## A Recap of Provider Actions

- ✓ **Control Total Costs and Margins:**  
Model financial impact of cuts and use analytics to identify avoidable utilization.
- ✓ **Fast-track Value-Based Care:**  
Shift from fee-for-service to value-based models to reward prevention, chronic disease management, and care coordination.
- ✓ **Modernize Automation and Technology:**  
Use platforms like FHIR-based APIs and AI-powered tools to meet new prior authorization and documentation standards.
- ✓ **Participate in Community Public Health:**  
Reduce duplication and broaden organizational reach through shared infrastructure, pooling resource.
- ✓ **Adopt New Definitions of Care:**  
Address social determinants of health like housing, nutrition, transportation, and wellness programs tailored to vulnerable populations.





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With policy shifts driving uncertainty at the state level, providers need **flexible care models** and **real-time data** to deliver consistent outcomes and maintain financial stability.

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