Oklahoma & H.R. 1 (“One Big Beautiful Bill Act”)

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Baseline: H.R. 1 became law on July 4, 2025 (Public Law 119-21). It pairs large federal tax changes with roughly $1T in safety-net cuts (Medicaid, SNAP, others) over 10 years.

Oklahoma is highly exposed because it:

- Expanded Medicaid (SoonerCare) in 2021.
- Has one of the highest shares of rural residents and at-risk rural hospitals in the country.
- Has recently passed significant state tax cuts, limiting fiscal room to backfill federal reductions.

Below is a section-by-section breakdown plus a proposed legislative package and messaging.

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1. Taxes

Federal changes under H.R. 1

Key elements that matter for Oklahoma’s budget and households:

- Individual income tax: Extends and modifies the 2017 tax cuts, including lower rates, bigger standard deduction, and more targeted deductions/credits.
- Child Tax Credit (CTC): Makes the TCJA CTC permanent and increases it (e.g., ~$2,200+/child from 2026, indexed), but does not fully expand benefits for the lowest-income families and adds restrictions tied to parent citizenship/SSNs.
- Business & corporate tax: New incentives for U.S. manufacturing and investment, plus international “tax sovereignty” provisions (e.g., Section 899).

- Revenue trade-off: Large tax cuts are partially “paid for” by cuts to Medicaid, SNAP, and other programs that Oklahoma heavily uses.

Oklahoma’s tax posture

- Oklahoma’s 2025 reforms reduce the top state income tax rate to ~4.5% and simplify brackets (phase-down from six brackets topping at 4.75%).

- This narrows the state’s ability to backfill federal cuts or fund big rural-health and safety-net stabilization efforts.

Legislative angle (Taxes):

2026–2028 will require honest trade-offs: if lawmakers keep cutting state taxes while federal money shrinks, you will not be able to prevent hospital closures or Medicaid/SNAP coverage losses without deep cuts somewhere else.

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2. Medicaid / Medicare

What H.R. 1 does nationally

- Medicaid cuts: CBO and multiple analyses estimate ~$1T in federal Medicaid reductions over 10 years, including provider-tax caps and reduced match for certain immigrant coverage.

- Work requirements: Expansion adults (19–64) must meet 80 hours/month of work or qualifying activities by end of 2026, with limited exemptions, or lose coverage.

- Redeterminations: Expansion adults move to 6-month eligibility redeterminations around Jan 2027, driving churn.

- Provider taxes & SDPs: Provider tax rates must phase down toward 3.5% cap by 2032 and new/increased assessments are restricted; state-directed payments (SDPs) above Medicare rates are phased down.

- Medicare: Site-neutral payment and other savings provisions reduce some hospital revenue streams, especially in outpatient and drug administration.

Oklahoma-specific impact

- Oklahoma's Medicaid expansion population already exceeds early projections; ~250k+ expansion enrollees as of 2024.

- State leaders and press estimate ~$6.3–$6.7B in Medicaid reimbursement cuts over 10 years to Oklahoma providers because of H.R. 1.

- Oklahoma uses provider taxes; the required drop from a 4% provider tax cap to 3.5% will cost the state roughly $49M in funding flexibility according to OHCA comments.

Bottom line: If Oklahoma does nothing, you'll see:

- Coverage losses from work requirements + 6-month redets among expansion adults.

- Less state leverage to finance Medicaid via provider taxes.

- Budget pressure to cut benefits or provider rates, feeding the rural-closure spiral.

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3. Hospital Closures & Rural Effects

- Oklahoma has 47 rural hospitals at risk of closure out of ~90, with 23 at immediate risk.

- National analyses project hundreds of rural hospitals may close under H.R. 1; Oklahoma is in the top tier of risk because of its rural share and dependence on Medicaid.

- H.R. 1's Rural Health Transformation Fund (RHTF) provides $50B nationwide (2026–2030)—$10B/year split between formula and competitive grants. States must submit a transformation plan to CMS by late 2025 to access funds.

If Oklahoma secures a strong RHTF award and uses it well, that money will help—but it will not fully offset the Medicaid losses. Design and targeting will determine whether it stabilizes local access or just fuels mergers and service cuts.

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4. SNAP (Food Assistance)

- H.R. 1 tightens SNAP work requirements for Able-Bodied Adults Without Dependents (ABAWDs):

    - 80 hours/month work or qualifying activities, with only 3 months of benefits in 3 years if they don't comply.
    - Age range expanded to 18–64, and exemptions were narrowed (e.g., for homeless individuals, some veterans, aged-out foster youth).
- Benefit level & admin changes: OBBB reduces federal SNAP spending by ~$186B over 10 years and shifts a share of benefit costs and penalties to states, especially where payment error rates exceed ~6%.

For Oklahoma (already high food insecurity), expect:

- Thousands of low-income adults losing benefits, especially in rural counties with thin job markets.
- Higher state administrative and benefit costs if error rates and caseload complexity rise.

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5. Pell Grants & Federal Education Loans

H.R. 1 reorganizes federal student aid; key points:

- Workforce Pell / "short-term Pell":
    - Starting July 1, 2026, Pell becomes available for short-term workforce programs (150–599 clock hours, 8–15 weeks), if accredited and Title IV-eligible.
- Tightened Pell eligibility overall:
    - New rules cut off Pell for students whose Student Aid Index ≥ 2× max Pell even if they have low cash income but higher assets.
- Loan changes: HR 1 trims subsidized loan options, revises income-driven repayment, and caps some borrowing; overall direction is less generosity, more "skin in the game."

Implications for Oklahoma:

- Community colleges, tribal colleges, and tech centers can win if they build eligible short-term programs that align with state workforce needs.

- First-generation, low-wealth students may lose Pell and face harsher loan terms, which will hit rural and small-town Oklahoma hard.

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6. Immigration

H.R. 1 includes significant immigration and enforcement provisions:

- Massive detention build-out: ~$45B for new detention capacity, including family detention.
- Higher USCIS fees and new surcharges authorized by HR 1; DHS has already published fee schedules.
- Cuts to safety-net access for certain immigrants:
    - Reduced federal match when states cover undocumented or certain "non-qualified" immigrants in Medicaid.
    - Overlapping SNAP and tax credit restrictions that hit mixed-status families.

For Oklahoma, with growing Latino and immigrant communities:

- Counties and hospitals will feel the cost shift as federal match shrinks for care to certain immigrant groups.
- Fear and confusion over fees/eligibility can depress uptake even where people are eligible.

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7. Potential Oklahoma Legislative Package (2026–2028)

Below is a package you could pitch as "Oklahoma Resilience & Rural Futures Agenda" — you can rename as needed.

A. Oklahoma Rural Health & Hospital Stability Act

Goals: Prevent rural hospital collapse and leverage RHTF.

Core planks:

1. Rural & Safety-Net Stability Fund (2026–2030):
    - Time-limited state fund to offset Medicaid provider cuts and provider-tax caps, targeting hospitals with high Medicaid/uninsured payer mix and rural FQHCs/behavioral health providers.
2. Rural Health Transformation Plan (RHTF application):
    - Direct OHCA + Health Dept. to submit a robust plan emphasizing telehealth, regional partnerships, maternity access, and local workforce to maximize Oklahoma's share of the RHTF.
3. Medicaid Rate & Network Guardrails:
    - Require legislative review for any SoonerCare rate reductions that push hospitals below Medicare equivalent, especially in counties with only 1 hospital.

B. SoonerCare Coverage & Work Requirement Safeguards Act

Goals: Minimize coverage loss while complying with federal law.

1. Exemptions & "Good Cause" in state statute:
    - Codify broad exemptions for people with disabilities, caregivers, people in SUD treatment, domestic-violence survivors, etc., plus a generous good-cause process.
2. 6-Month Redetermination Support:
    - Fund community navigators, tribal partners, and health-system outreach; require OHCA to use data-matching and auto-renewals wherever possible.
3. Provider-Tax / SDP "Plan B":
    - Mandate a 2026 report from OHCA & budget office on alternatives to provider taxes and high SDPs, with options that maintain coverage and access.

C. Food Security & SNAP Work-Support Act

Goals: Keep people fed while meeting new federal requirements.

1. Work-support first:
    - Expand state-funded E&T slots, transportation support, and childcare subsidies aimed at ABAWDs subject to the new 80-hour rule.
2. Flexibility and error-rate management:
    - Invest in eligibility system upgrades and staff training to avoid high payment error rates that would trigger new state cost-sharing/penalties.

D. College Access & Workforce Pell Alignment Act

Goals: Use Workforce Pell to Oklahoma's advantage.

1. Rapid approval pipeline for short-term programs at community colleges, tech centers, and tribal institutions that match key industries (health, energy transition, logistics, advanced manufacturing).
2. State "last-dollar" scholarships to cover gaps for low-income students who lose Pell because of tighter eligibility but are in high-priority programs.

E. Immigrant Families Health & Stability Act

Goals: Protect public health and county budgets.

1. Local-care backstop: Allow counties and safety-net providers to use state grant funds for limited-scope coverage or uncompensated care for immigrants losing federal support, tied to clear criteria and reporting.
2. Fee & eligibility navigation: Fund community-based organizations to help families understand the new USCIS fee structure and avoid losing status or benefits by mistake.

F. HR 1 Oversight & Fiscal Resilience Act

1. Quarterly impact dashboard (2026–2030): enrollment, churn, hospital closures, SNAP caseloads, student aid take-up, broken out by county, race/ethnicity, and rural vs. urban.
2. Budget triggers: If coverage or rural access drops below a set baseline, or hospital closures exceed X per year, automatic hearings and contingency reserve options are triggered.

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8. Messaging for State Legislators & the Governor

You'll need to be blunt but constructive:

Core frames

1. "We can't tax-cut our way out of hospital closures."

   Federal tax cuts were paired with federal Medicaid and SNAP cuts. If Oklahoma keeps cutting state revenue too, there is no cushion when the $6B+ in Medicaid cuts hit.

2. "This is a rural survival bill, not a partisan bill."

   Nearly half of Oklahoma's rural hospitals are at risk. Without a serious state response, people will lose local ERs, maternity care, and jobs—and many will simply leave.

3. "Work requirements without supports = churn and chaos."

   If you don't pair Medicaid/SNAP work rules with transportation, childcare, and real E&T slots, you're just cutting coverage and food benefits from people in counties that already have thin labor markets.

4. "Use the federal tools or lose them."

   The Rural Health Transformation Fund and Workforce Pell are real dollars; if Oklahoma doesn't move fast with solid plans, other states will grab the lion's share and you'll just be left with the cuts.

5. "Immigrant cuts don't erase costs—they just shift them to counties and ERs."

   Limiting coverage and raising immigration fees will not stop people from getting sick; it just forces uncompensated care onto local hospitals and county budgets.
