

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

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2026–2028 Policy Briefing & Legislative Priorities

What HR1 does in plain terms

- H.R. 1 (Public Law 119-21) — the One Big Beautiful Bill Act — was signed July 4, 2025.
- It pairs federal tax cuts (bigger credits, SALT relief, new deductions) with deep spending cuts and restrictions across:
 - Medicaid & ACA (new work requirements, 6-month redeterminations, tighter provider taxes/SDPs, non-citizen restrictions)
 - Medicare and hospital payments, especially affecting rural areas
 - SNAP, including benefit cuts, stricter work rules and new state cost-sharing
 - Pell Grants & student loans, tightening eligibility and cutting/reshaping federal aid

Maine’s own analysis makes it blunt: the law will significantly affect eligibility, enrollment processes, benefit levels, program financing, and state fiscal risk for errors in Medicaid (MaineCare) and SNAP.

Maine Snapshot (why HR1 bites hard here)

- MaineCare (Medicaid): ~393,000 Mainers (about 30% of the population) were enrolled as of April 2025; annual budget ~\$4.7B (\$3.0B federal / \$1.7B state).
- SNAP: ~177,000 Mainers (≈13%) on SNAP as of Feb 2025; benefits ~\$356M/year (100% federal).
- Rural: Maine is one of the two most rural states in the U.S. — about 61.5% of residents live in rural areas.

- Hospitals: Northern Light Inland Hospital in Waterville has already closed; analyses say four Maine rural hospitals are at risk and hospitals could lose ~\$66M/year from Medicaid cuts alone.
- College access: UMaine is one of the most economically diverse public universities in New England; 26% of its entering class received Pell Grants.

So: any hit to Medicaid, SNAP, Pell, and rural health is a direct hit to Maine's people and budget.

1. Taxes

What HR1 changed federally

Key provisions relevant to Maine households:

- Higher standard deductions, especially for seniors (extra amount for 65+).
- Child Tax Credit & family credits boosted (e.g., CTC raised to about \$2,200; expanded child/dependent care credit).
- SALT cap temporarily raised to \$40,000 for 2025, then phases back down by 2030.
- New deductions/relief (no federal tax on tips, new car-loan interest rules, senior HSA flexibility, etc.).

This cuts federal revenue while creating near-term relief for many households — especially homeowners and seniors.

Maine impacts & choices 2026–2028

- Maine conforms in part to the federal tax code, so HR1's changes ripple into:
 - State revenue (through conformity decisions).
 - Distributional impacts between high-income vs. working-class taxpayers.

- The Maine Center for Economic Policy warns HR1's federal cuts (Medicaid, SNAP, education) plus tax changes create state budget pressure and equity concerns.

Legislative priorities (tax):

- Decide where to conform and where to decouple:
 - Preserve or enhance Maine's EITC/child credit to compensate for HR1-driven benefit cuts.
 - Consider a state-level "SALT fairness" fix (e.g., property tax circuit breaker expansion) rather than simply mirroring federal SALT changes.
 - Use the Appropriations/Taxation joint hearings (already planned) to build a 3-year tax + spending plan, not a one-year scramble.
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2. Medicaid & Medicare (MaineCare + Medicare)

From Maine DHHS and state economist:

- MaineCare enrollment breakdown (Apr 2025):
 - ~140,000 children
 - ~184,000 adults 21–64
 - ~64,000 adults 65+

HR1 changes hitting MaineCare

Maine DHHS estimates:

- Provider taxes
 - HR1 freezes new/increased provider taxes; these currently supply ~12% of Maine's state share of MaineCare.
 - Combined with match changes, this is a \$3B loss over 10 years in federal funds for MaineCare.
- Coverage changes for legally present immigrants (10/1/2026)
 - Loss of MaineCare coverage for ~3,000 adult "New Mainers."
 - Knock-on effect: 31,000 disenrollments (churn) in year one as systems adjust.
 - Lost spending: ~\$329M to hospitals, \$70M to physicians/FQHCs, \$50M behavioral health, \$218M pharmacy over the period.
- Work requirements & eligibility changes (12/31/2026)
 - New work requirements for around 90,000 adults in the expansion and related groups.
 - More frequent eligibility checks & reduced retroactive coverage starting 12/31/2026.
 - Anticipated impact: higher churn, more uncompensated care, and exposure to payment-error penalties (up to ~\$64M/year if Maine experienced average national error rates).

Medicare & older Mainers

National analyses of HR1 show:

- Hundreds of billions in Medicaid & ACA cuts and more than \$500B in Medicare cuts over 10 years, increasing financial pressure on hospitals and potentially narrowing networks/benefits for seniors.
- Rural Medicare-dependent hospitals see particularly large revenue hits because HR1's rural fund is much smaller than the projected Medicaid/Medicare cuts.

Legislative priorities (health coverage):

- Backfill coverage for immigrants losing federal MaineCare match with state-funded coverage (especially for adults with chronic conditions, pregnancy, or serious mental illness).
 - Codify fair, simple exemptions and appeals for work requirements (disability, caregiving, treatment, seasonal work, etc.).
 - Fund renewal and error-reduction infrastructure (IT, outreach, error-rate management) to avoid federal penalties post-2029.
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3. Hospital Closures & Rural Effects

Key facts:

- Maine is 61.5% rural by population.
- Northern Light Inland Hospital in Waterville already closed in early 2025 due to financial challenges.
- Analyses warn that four rural Maine hospitals are at risk of closure if HR1-level Medicaid cuts go forward; statewide hospitals could see ≈\$66M/year in Medicaid revenue loss.
- Nationally, rural hospitals are projected to lose \$58B–\$137B in revenue over 10 years; around 300 rural hospitals are at risk of closure even after the \$50B Rural Health Transformation Fund.

Maine coverage has been explicit: the new rural fund may not be enough to keep Maine's rural hospitals open given HR1's cuts.

Legislative priorities (rural health):

- Create a Maine Rural & Safety-Net Hospital Stability Fund (2026–2030) to offset HR1-driven losses and prioritize:

- Sole community hospitals, critical access hospitals, OB, behavioral health, and EMS.
 - Direct Maine DHHS to maximize Maine's share of the Rural Health Transformation Fund and align it with the Stability Fund (no duplication, clear outcomes).
 - Require DHHS to issue annual "at-risk facility" lists, with early-warning triggers for legislative intervention.
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4. SNAP

From Maine's September 2025 state economist presentation:

- Enrollment & economics
 - ~177,000 people on SNAP in Feb 2025 (~13% of Mainers).
 - ~\$356M in annual benefits (federal) + \$27M admin (50/50 federal-state).
 - Each \$1 in SNAP generates \$1.54 in local economic activity (~\$548M/year).
- Key HR1 SNAP changes & projected Maine impact
 - Elimination of SNAP-Ed grant (9/30/2025) → loss of \$4.8M annually serving ~19,000 youth & 3,000 adults.
 - Thrifty Food Plan changes → average cut of ~\$26/month per SNAP household.
 - Expanded work requirements & removal of exemptions → more than 40,000 current recipients affected.
 - Elimination of eligibility for refugees and other lawfully present non-citizens → more than 2,000 Mainers lose SNAP.
 - New state cost-sharing for admin and up to 15% of benefits based on payment error rate, increasing Maine's SNAP obligation by ~\$60M/year by FY 2028.

USDA guidance on HR1's SNAP provisions and alien eligibility confirm these national rules; Maine's numbers come from DHHS modeling.

Legislative priorities (food security):

- Create a state SNAP supplement for:
 - Households with kids under 6
 - Seniors and people with disabilitiesto partially offset the average \$26/month cut.
 - Establish a state “SNAP for New Mainers” program using state dollars for refugees/asylees barred by HR1.
 - Fund error-reduction capacity (eligibility staff, analytics) to keep Maine's error rate well below the 3% penalty trigger.
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5. Pell Grants & Federal Education Loans

What HR1 does to student aid

- HR1 reshapes Pell and loans, including:
 - New eligibility limits: Pell lost for students whose scholarships cover full cost of attendance, and for those with Student Aid Index $\geq 2 \times$ max Pell ($\approx$ SAI \$14,790) in the final law.
 - Introduction of Workforce Pell for short-term workforce programs.
 - Broader overhaul of federal loans: phasing out some subsidized loans and PLUS loans, consolidating repayment plans, tightening access — making states' role in affordability more important.

Federal Student Aid and NASFAA are treating OBBBA as a major reset of the aid landscape.

Why this matters in Maine

- UMaine: ~26% of entering students are Pell recipients; the system is a key engine for low-income and first-gen students.
- Nationwide, roughly one-third of undergrads receive Pell; cuts/eligibility tightening hit public systems and community colleges hardest — exactly where Maine’s students go.

Legislative priorities (higher ed):

- Expand the Maine State Grant Program and align it explicitly to backfill Pell cuts for:
 - Community college students
 - Part-time/working adults
 - First-gen and rural students
- Use some HR1-related state revenue “headroom” (where tax cuts don’t fully pass through to Maine) to shore up public higher ed operating budgets instead of letting institutions push costs back onto students.

6. Immigration (“New Mainers”)

Between DHHS and MECEP:

- About 3,000 legally present immigrants are expected to lose MaineCare in Oct 2026.
- More than 2,000 “New Mainers” (refugees, asylees, and other humanitarian statuses) will lose SNAP under HR1’s alien-eligibility changes.

Nationally, HR1 removes SNAP and Medicaid access for several long-standing humanitarian categories and tightens non-citizen eligibility in both programs.

Legislative priorities (immigration & integration):

- Establish a state-only health and food assistance program for New Mainers (health coverage + EBT-style food benefit) that plugs the HR1 gap.
- Fund navigation and legal support so New Mainers understand their rights and options as federal rules change.
- Tie all of this to Maine's workforce and demographic needs (aging labor force, rural provider shortages).

7. Potential Maine HR1 Legislative Package (2026–2028)

You can frame a cohesive package like this:

1. Maine Coverage & Immigrant Health Protection Act (2026)
 - State-funded MaineCare-equivalent for immigrants losing federal eligibility.
 - Codified work-requirement exemptions & due process.
 - Renewal support (navigators, language access, IT upgrades).
2. Rural Health & Hospital Stability Act (2026–2030)
 - Creates the Rural & Safety-Net Hospital Stability Fund.
 - Directs DHHS to submit and maintain a Rural Health Transformation Plan to maximize the federal fund.
 - Annual “hospital at risk” reporting and intervention triggers.
3. Maine Food Security & SNAP Protection Act (2026–2028)

- State SNAP supplement for vulnerable groups.
 - State-funded SNAP for refugees/asylees.
 - Error-rate reduction plan to avoid SNAP penalties and excess state cost-sharing.
4. College Access & Workforce Readiness Act (2027)
- Expanded Maine State Grant and new “Pell Gap” scholarship.
 - Targeted support for community colleges and workforce/Workforce-Pell-eligible programs.
5. Tax Fairness for Working Mainers Act (2026)
- Decisions on conformity to HR1 tax changes.
 - Stronger state EITC/child credit and property-tax relief targeting low- and moderate-income families.
6. HR1 Impact Oversight & Accountability Act (2026–2030)
- Quarterly dashboards on coverage, SNAP, rural hospital status, and higher-ed affordability.
 - Annual joint hearings (Appropriations, HHS, Taxation, Education & Cultural Affairs).
 - Sunset in 2030 with automatic policy reviews.
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8. Messaging for Legislature & Governor

You don’t need spin; you need discipline and clarity. Here are frames that work in Augusta and with the public:

1. “Protect Maine from a one-size-fits-all federal megabill.”

- HR1 wasn't written for a small, aging, rural state. Our job is to adapt it so Maine families and towns aren't collateral damage.
 - 2. "Keep rural hospitals and clinics open."
 - We are already losing facilities. HR1 cuts without a state plan mean more closures and longer drives for care.
 - 3. "Honor work and responsibility without punishing poverty."
 - Work requirements and 6-month checks should not arbitrarily cut off coverage or food for people who are already working or caregiving.
 - 4. "Stand by New Mainers who are already part of Maine's future."
 - Refugees and asylees are filling critical jobs and reviving communities. HR1 cuts their lifelines; Maine can choose not to.
 - 5. "College access is an economic strategy, not a luxury."
 - Pell and loan changes will push more cost onto Maine families; if we do nothing, we blow a hole in our workforce pipeline.
 - 6. "Pay a little now or a lot later."
 - Targeted state backfills and stability funds are cheaper than rebuilding a collapsed rural health system or covering the fallout of increased homelessness and hunger.
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9. References (with links)

Federal law & national analyses

- Text of H.R. 1 – One Big Beautiful Bill Act (Public Law 119-21) – Congress.gov
<https://www.congress.gov/bill/119th-congress/house-bill/1/text>
- KFF – Tracking the Medicaid Provisions in the 2025 Budget Bill

<https://www.kff.org/medicaid/tracking-the-medicaid-provisions-in-the-2025-budget-bill/>

- SHVS/Manatt – Changes to Medicaid in the Budget Reconciliation Law (HR1)

<https://shvs.org/resource/changes-to-medicaid-in-the-budget-reconciliation-law/>

- AMA – Changes to Medicaid, the ACA and other key provisions of the One Big Beautiful Bill Act

<https://www.ama-assn.org/health-care-advocacy/federal-advocacy/changes-medicaid-aca-and-other-key-provisions-one-big>

- KFF – How Might Federal Medicaid Cuts in the Enacted Reconciliation Package Affect Rural Areas?

<https://www.kff.org/medicaid/how-might-federal-medicaid-cuts-in-the-enacted-reconciliation-package-affect-rural-areas/>

- IRS – One, Big, Beautiful Bill Act: Tax deductions for working Americans and seniors

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>

- Tax Foundation – FAQ: The One Big Beautiful Bill, Explained

<https://taxfoundation.org/research/all/federal/one-big-beautiful-bill-act-tax-changes/>

Maine-specific

- Maine Office of the State Economist – Impact of Federal Changes, Medicaid and SNAP (Sept 8, 2025)

https://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Medicaid%20and%20SNAP_Sept%202025.pdf

- Maine DHHS – Summary of Federal Changes and the Impact on Maine (referenced in above deck).

- MECEP – 7 questions legislators need to ask about the impact of Trump’s Big Beautiful Bill on the state budget

<https://www.mecep.org/blog/7-questions-legislators-need-to-ask-about-the-impact-of-trumps-big-beautiful-bill-on-the-state-budget/>

- MECEP – Federal budget plan puts Maine’s rural hospitals at grave risk, report shows

<https://www.mecep.org/blog/federal-budget-plan-puts-maines-rural-hospitals-at-grave-risk-report-shows/>

- MaineBiz – Maine hospitals face \$66M annual loss from Medicaid cuts, study says

<https://www.mainebiz.biz/article/maine-hospitals-face-66m-annual-loss-from-medicaid-cuts-study-says>

- Maine Public – Trump’s budget bill will add ‘significant stress’ to Maine hospitals, officials say

<https://www.mainepublic.org/maine/2025-07-03/trumps-budget-bill-will-add-significant-stress-to-maine-hospitals-officials-say>

- Maine is one of the most rural states – 61.5% rural population

<https://worldpopulationreview.com/state-rankings/most-rural-states>

SNAP & immigration

- USDA FNS – SNAP Provisions of the One Big Beautiful Bill Act of 2025

<https://www.fns.usda.gov/snap/obbb-implementation>

- USDA FNS – OBBB Alien Eligibility Q&A

<https://www.fns.usda.gov/snap/obbb-alien-eligibility-qas1>

- Maine SNAP State Factsheet (FNS)

<https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-state-factsheet-me.pdf>

- USAFacts – How many people receive SNAP benefits in Maine every month?

<https://usafacts.org/answers/how-many-people-receive-snap-benefits-in-the-us-every-month/state/maine/>

- LULAC – Impact of HR 1 on immigrants and children of immigrants

https://lulac.org/impact_of_hr_1_one_big_beautiful_bill_act_on_immigrants_and_children_of_immigrants_who_are_us_citizens/

Pell & student aid

- Federal Student Aid – One Big Beautiful Bill Act updates

<https://studentaid.gov/announcements-events/big-updates>

- NASFAA – One Big Beautiful Bill Act Web Center

<https://www.nasfaa.org/ob3>

- NAICU – Frequently Asked Questions About the One Big Beautiful Bill Act

<https://www.naicu.edu/policy-advocacy/advocacy-resources/reconciliation-advocacy-center/frequently-asked-questions-about-the-one-big-beautiful-bill-act/>

- Washington Post – How Republicans plan to shake up Pell grants and student loans

<https://www.washingtonpost.com/education/2025/04/29/house-republicans-student-loans-pell-grant-financial-aid-changes/>

- UMaine – NYT Magazine names UMaine most economically diverse public university in New England

<https://umaine.edu/news/blog/2024/01/29/nyt-magazine-ranks-umaine-among-most-economically-diverse-universities/>