



# THE WORKING FAMILIES TAX CUTS PUT AMERICAN PATIENTS AND TAXPAYERS FIRST

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## THE WORKING FAMILIES TAX CUTS DELIVER BOLD WINS FOR PATIENTS AND TAXPAYERS

### INTRODUCTION

Consistent with [recommendations](#) from the America First Policy Institute, the newly signed into law Working Families Tax Cuts (WFTC), passed in July, deliver crucial policy wins to Make America Healthy Again. Additionally, the WFTC delivers unprecedented reform by protecting patients in Medicaid and in the Affordable Care Act (ACA) exchanges -- curbing fraud, waste, and abuse which diverts dollars, doctors, and care from vulnerable patients.

### 1. MAKES AMERICANS HEALTHY AGAIN BY PUTTING PATIENTS FIRST

The WFTC puts patients, not bureaucrats, back in charge of their care. The law lets Americans use their health care dollars in a way that works best for them. Instead of letting bureaucrats decide how to spend our health care dollars, the law puts patients first and will Make Americans Healthy Again by giving all Americans more power to choose the best health care that meets their unique health care needs. In addition, the law also empowers consumers with new flexibility to access digital care, and targets resources to rural communities so Americans can receive care where and when they need it.

- ★ **Direct Primary Care Expansion.** The WFTC gives the sixty-one million Americans with a Health Savings Account (HSA) the option to purchase direct primary care (DPC). DPC practices are physician offices that charge patients a flat monthly fee, typically \$30 to \$80 per month – giving Americans back a relationship with their doctor without the hassle of jumping through hoops for appointments or using their insurance to try and get a visit covered. The law cuts through the red tape to ensure that the Internal Revenue Service (IRS) does not consider these arrangements to be insurance coverage, but rather healthcare provision.
- ★ **Health Coverage Flexibility.** Americans can only enroll in an HSA if they are covered by a high-deductible health plan (HDHP), which, [on average](#), costs \$2,658 for individuals and \$4,952 for families.<sup>1</sup> ACA bronze and catastrophic health plans include deductibles which, on average, can quadruple the costs of a HDHP. In 2024, average individual deductibles in bronze plans were \$7,258 and average family deductibles were \$14,000-\$15,000, while average individual deductibles in catastrophic plans were \$9,450 and family deductibles were \$18,900. The WFTC recognizes the unfairness to patients enrolled in bronze and catastrophic plans and has re-classified them as HDHPs, allowing those enrolled to access HSAs for the first time ever – giving them more options to defray high health costs.
- ★ **Delivers Affordable Telehealth:** During the COVID-19 pandemic, the federal government temporarily allowed health insurers to sell high-deductible health plans that pay for patients' telehealth services before the patient meets their deductible. The WFTC permanently establishes

<sup>1</sup> These averages do not include employer HSA contributions which effectively lower the deductible. In 2024, the effective deductible for employer-sponsored coverage was \$1,961 for individuals and \$3,655 for families.



this flexibility to ensure patients can access high-quality and affordable virtual care from their physician without having to meet their deductible.

- ★ **Invests in Rural Care:** The WFTC creates a \$50 billion Rural Health Transformation Program to partner with states who invest in rural care. States can use this one-time funding to make capital-intensive investments in efforts which expand and improve rural health delivery for rural patients. These are investments such as expanding telehealth for rural patients, modernizing rural health facilities, recruiting new physicians and nurses to underserved areas, and launching innovative patient-centered payment models. These investments will ensure rural patients are able to receive the care they deserve and that health care providers can deliver high quality and affordable care to families living in underserved areas.

## 2. PROTECTS MEDICAID FOR THE MOST VULNERABLE

The WFTC strengthens Medicaid by focusing the program on delivering care to the truly vulnerable Americans that the program was created to support. The law makes commonsense changes to ensure that illegal immigrants, deceased enrollees, and other ineligible individuals do not collect Medicaid benefits. Anti-fraud measures will help remove the estimated [6.6 million](#) Medicaid recipients who are legally ineligible for the program. It also establishes long-overdue work requirements to transition able-bodied adults into long-term employment.

- ★ **Establishes robust work requirements.** The WFTC requires able-bodied adults, who are between the ages of 19-64 and who do not have dependents, to perform 80 hours per month of work, community service, or work training to remain qualified for the ACA's Medicaid expansion provisions. An estimated [62% of able-bodied adults](#) on Medicaid had no earned income in 2022. Establishing work requirements will move Medicaid recipients into meaningful employment and off the program.
- ★ **Ends fraudulent payments for deceased individuals.** The law requires states to regularly review Social Security records to locate and remove Medicaid enrollees who have passed away. A study by the [Office of Inspector General](#) (OIG) discovered that 14 states paid \$249 million in Medicaid benefits to deceased individuals between 2009 and 2019.
- ★ **Ends double dipping in multiple state Medicaid programs.** The WFTC directs the U.S. Department of Health and Human Services (HHS) to identify and remove individuals who are enrolled in multiple state Medicaid programs. In 2022, OIG found [47 states](#) paid Medicaid benefits for individuals who were enrolled in Medicaid in multiple states.
- ★ **Limit Medicaid dollars from going to illegal immigrants:** The WFTC refocuses Medicaid on delivering care to eligible Americans by reducing federal Medicaid funding to states that pay for and enable emergency rooms to become primary care facilities for illegal immigrants, imposing hefty penalties on states that enable Medicaid emergency services abuse. The law also prohibits federal Medicaid dollars from going to asylum seekers, refugees, and other non-qualified immigrant groups. Eliminating Medicaid funding for these groups allows the program to deliver greater care to American citizens.
- ★ **Expands Services for Disabled Americans:** The law allows the states to fund home and community-based services (HCBS) for a broader range of patients, ensuring that disabled



Americans have more options for where they receive treatment. Prior to the WFTC, the federal government could only fund state HCBS programs for people whose conditions were so severe that they required an institutional level of care. By lowering that threshold, the WFTC enables states to offer earlier, more flexible support that helps disabled patients remain in their homes, maintain independence, and avoid unnecessary institutionalization.

### 3. ELIMINATES WASTE, FRAUD, AND ABUSE IN OBAMACARE

The WFTC introduces commonsense safeguards in the ACA to protect taxpayers from fraudulent enrollment and to protect patients from high costs because of fraudulent enrollment. The ACA provides generous financial subsidies to individuals to obtain coverage on the federal insurance exchange. However, an estimated [6.4 million ineligible individuals](#) obtained ACA subsidized coverage, directly costing taxpayers an estimated \$27 billion this year and indirectly raising costs for patients properly enrolled in the coverage. The Biden Administration [exacerbated](#) ACA fraud by requiring the Centers for Medicare and Medicaid Services (CMS) to wait [two years](#) before removing ineligible enrollees from the program. This law establishes enhanced eligibility requirements and closes loopholes that encourage waste and abuse.

**Abolishes Obamacare privileges for non-citizens.** The ACA requires American citizens to have an income that is at least 100% of the federal poverty line (FPL) to qualify for subsidized health insurance. However, asylum seekers, refugees, and immigrants with Temporary Protected Status who earn less than 100% of FPL can qualify for subsidized coverage. The WFTC abolishes this unfair loophole.

- ★ **Enhanced Verification Standards for Obamacare Coverage.** After an individual attests they are eligible to receive ACA subsidies to purchase health insurance, the federal government allows the individual to receive subsidies for up to 90 days before they must submit documents demonstrating their eligibility. The WFTC ends the 90-day loophole by requiring the ACA's insurance exchanges to verify that applicants qualify for subsidized ACA coverage before they can receive subsidies.
- ★ **Abolishes Limitations on Excess Subsidy Clawbacks.** The ACA provides more generous subsidies to individuals who earn less money as opposed to those who earn more. If the federal government discovers an individual has underestimated their income to receive higher subsidies, the government can only collect a small portion of the excess subsidies when the person files their taxes. The WFTC requires all individuals who receive excess subsidies to repay the full amount.

### CONCLUSION

The WFTC promises to restore integrity, accountability, and choice in American health care. By allowing Americans to enroll in DPC and a more diverse array of insurance options, this law finally puts patients, not bureaucrats, in control of their health care. At the same time, the WFTC reins in rampant fraud and abuse within Medicaid and the ACA to ensure these public health programs serve their intended beneficiaries, and it also supports the healthcare needs of rural Americans. This law marks a long-overdue shift in policy that puts patients first and restores trust in America's safety-net programs.

