



Key Direct Impacts of H.R. 1: New Jersey May 2026

H.R. 1 includes sweeping, unprecedented cuts to Medicaid (NJ FamilyCare) and the Supplemental Nutrition Assistance Program (SNAP), introducing new barriers to accessing healthcare and food assistance. The projections below reflect the best available analysis of the federal law’s potential impact at this time. Actual outcomes may vary depending on forthcoming federal guidance, shifts in population and enrollment, and other evolving factors.

Medicaid Enrollment Reductions



More than 1.85 million New Jersey residents are enrolled in NJ FamilyCare. Of these, approximately 540,000 gained coverage through the Affordable Care Act expansion and will be subject to new work requirements under H.R. 1. As a result of the law’s eligibility changes, more than 300,000 NJ FamilyCare participants could lose coverage.

Projected FamilyCare Enrollment Reductions (Assuming Current Policy): New Jersey Statewide

	SFY27	SFY28	SFY29	SFY30
Enrollment Loss (Individuals)	10,000 - 30,000	130,000 - 265,000	165,000 - 330,000	165,000 - 330,000
Federal Fiscal Impact of Enrollment Loss	\$54M - \$198M	\$1.2B - \$2.4B	\$1.6B - \$3.2B	\$1.7B - \$3.3B
Total Fiscal Impact of Enrollment Loss	\$69M - \$237M	\$1.3B - \$2.7B	\$1.8B - \$3.5B	\$1.8B - \$3.7B

Source: Urban Institute estimates ([Projected Reductions in Medicaid Expansion Enrollment Under OBBBA’s Work Requirements and Six-Month Redeterminations](#)) adjusted based on additional losses for New Jersey’s Medicaid enrollment and projected cost growth.



Healthcare Provider Impacts

Provider taxes are targeted assessments on healthcare providers and plans, with the resulting revenue qualifying for federal matching funds that are reinvested in the health system. H.R. 1 prohibits new provider taxes and gradually reduces the allowable cap on existing ones, leading to billions in lost federal revenue over time. The law also imposes new limits on State Directed Payments (supplemental payments made by the State to providers through managed care plans), further reducing available funding for providers. Altogether, compliance with H.R. 1's fiscal provisions will require significant reductions, with annual losses projected to grow to approximately \$2.6 billion.

Projected Provider Impacts (Assuming Current Policy): New Jersey Statewide

	SFY27	SFY28	SFY29	SFY30	SFY31	SFY32	SFY33	SFY34	SFY35	SFY36	Total - SFY37 (all SDPs at 100% of Medicare)
Emergency FMAP reduction	\$35M	\$46M	\$46M	\$46M	\$46M	\$46M	\$46M	\$46M	\$46M	\$46M	\$46M
Provider Tax Provision Impacts											
Lost Federal Revenue to State Budget (HMO tax)	\$0	\$87M	\$171M	\$253M	\$333M	\$409M	\$409M	\$409M	\$409M	\$409M	\$409M
Lost Federal Revenue for Hospitals (County Option)	\$0	\$250M	\$502M	\$758M	\$1,016M	\$1,277M	\$1,277M	\$1,277M	\$1,277M	\$1,277M	\$1,277M
State-Directed Payment Provision Impacts											
Lost Federal Revenue: Inpatient Hospital Impacts	\$0	\$0	\$13M	\$24M	\$34M	\$43M	\$150M	\$246M	\$332M	\$377M	\$393M
Lost Federal Revenue: Outpatient Hospital Impacts	\$0	\$0	\$36M	\$69M	\$99M	\$125M	\$186M	\$240M	\$289M	\$321M	\$342M
Lost Federal Revenue: Projected Physician Impacts	\$0	\$0	\$35M	\$67M	\$95M	\$121M	\$144M	\$164M	\$165M	\$165M	\$165M
Total	\$35M	\$383M	\$803M	\$1,217M	\$1,623M	\$2,021M	\$2,212M	\$2,382M	\$2,518M	\$2,595M	\$2,632M

Source: Fiscal projections based on best estimates of how H.R. 1 will be implemented. These projections are subject to change as new guidance and other information become available.

SNAP Enrollment Reductions and Governmental Cost Shifts



More than 800,000 New Jersey residents rely on SNAP to access nourishing food. As a result of H.R. 1, New Jersey is projected to see reductions in SNAP benefits and federal funds to operate the program in the coming years. Between 2025 and 2034, estimates suggest these provisions could reduce SNAP participation by as many as 47,000 people in any given month.

Source: State-level projections of Congressional Budget Office analysis ([Estimated Effects of Public Law 119-21 on Participation and Benefits Under the Supplemental Nutrition Assistance Program](#)).

Projected SNAP Benefit Reductions (Assuming Current Policy): New Jersey Statewide

In addition, many SNAP households will see a reduction in the amount of assistance they receive due to H.R. 1 policy changes related to standard utility deductions, expanded work requirements, the thrifty food plan, and non-citizen eligibility. These changes are expected to result in a loss of economic value to New Jersey.

	SFY26	SFY27	SFY28	SFY29	SFY30
Benefit Reductions	\$150M	\$270M	\$280M	\$280M	\$275M
Economic Impact of Benefit Reductions	\$240M	\$415M	\$430M	\$430M	\$425M

Source: State-level projections of Congressional Budget Office analysis ([Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline](#)), United State Department of Agriculture estimates of economic impact ([Quantifying the Impact of SNAP Benefits on the U.S. Economy and Jobs](#)), and [SNAP participation data](#).

Projected SNAP Cost Shifts (Assuming Current Policy): New Jersey Statewide

H.R. 1 shifts SNAP costs onto State and county governments. Beginning on October 1, 2026, New Jersey will have to contribute a larger share of administrative costs; in SFY27, \$71M is required to cover additional State administrative costs and three quarters of additional county administrative costs.

Changes to benefit cost sharing under H.R. 1 could also require New Jersey to contribute up to \$300 million per year starting in SFY28. [Governor Sherrill and Commissioner Cha have called for the elimination or delay of these provisions](#) due to flaws in the Payment Error Rate (PER).