



One Big Beautiful Bill Act & Tax Policy

Impact on Small Business Dentistry

The One Big Beautiful Bill (OB BB) Act contains numerous tax provisions with a direct impact on dentists and dental practices around the country. These include multiple extended, reauthorized, or new deductions; and new or improved research, education, and investment incentives.

Provisions that will impact dental practices, dental students, and the dental workforce:

- **Pass-Through Entity Tax (PTET) Deduction** has been fully restored due to ADA advocacy, guaranteeing tax parity for small business dental practices, and protecting dentists from a 1.5-5% tax hike.
- **\$40,000 Individual State and Local Tax (SALT) Deduction cap** provides substantial tax relief to dentists with practices organized as pass-through entities (90% of all practices). The full SALT cap is available to households with a Modified Adjusted Gross Income (MAGI) less than \$500,000, after which the deduction begins to phase out. The higher SALT limit remains in place until 2030.
- **20% Small Business Income Deduction** was made permanent, providing crucial tax relief for qualifying dental practices.
- **100% Bonus Depreciation** has been restored and made retroactive, enabling practices to make timely investments in software, technology, and infrastructure to create cutting-edge practice settings.
- **New domestic research deductions** will spur groundbreaking research and discoveries in the oral health field, influencing dental care for generations.
- **21% corporate tax rate** has been extended to promote competition and encourage growth in the broader economy.
- **Postsecondary credentialing expenses** will be treated as qualified higher education expenses, providing dental students and their parents with financial flexibility to pursue specialized educational programming.
- **Employer provided student loan repayment** guidelines have been amended to exclude a portion of the payment from taxable gross income, providing relief for dental students and their employers, while bolstering the dental workforce.
- **Depreciable business asset expensing** has been increased to provide further tax relief for dentists making investments into their practices.

Members are encouraged to contact their tax preparers for specific guidance and timelines. PTET and SALT provision specifics are dependent on geographic location.

Members can also visit the Academy of Dental CPAs at <https://adcpa.org/> for general tax information and support.



One Big Beautiful Bill Act & Student Loans

Status of Federal Student Aid Programs

The One Big Beautiful Bill (OB BB) Act made substantial changes to the federal student aid model with wide-ranging impacts on dental students, dental schools, and the dental workforce. Current and future dental students utilizing the federal student loan system should familiarize themselves with these changes to limit uncertainty during this transition.

Major changes include new loan repayment options, limits on federal aid amounts, elimination/reduction of previous student aid programs, new “accountability” mechanisms, and new timelines for aid programs.

Many of these changes take effect on July 1, 2026. Current borrowers will generally maintain the terms of any active loans initiated before the effective date contained in OB BB.

Program	Changes in OB BB	Information
Graduate PLUS Loan Program	Program eliminated	Borrowers with a Graduate PLUS loan disbursed before July 1, 2026, while enrolled in a credentialed program, may continue borrowing under the program for up to three academic years or for the remainder of their anticipated time to earn the credential—whichever period is shorter.
Professional School Loan Limits	\$50,000 (annual) \$200,000 (lifetime)	Borrowers who received a Direct Unsubsidized Loan before July 1, 2026, while enrolled in a credentialed program, may continue borrowing under the existing loan limits for up to three academic years or for the remainder of their expected time to complete the credential—whichever period is shorter.
Loan Repayment Plan Options	Reduction to two plans	Borrowers who take out new loans on or after July 1, 2026, will have only two repayment options: a new standard repayment plan and the new income-based Repayment Assistance Plan (RAP). If a borrower does not actively choose a repayment plan, they will be automatically placed in the new standard plan.
Parent PLUS Loan Limits	\$20,000 (annual) \$65,000 (lifetime)	Borrowers with a Parent PLUS loan disbursed before July 1, 2026, while their dependent student is enrolled in a credentialed program, may continue borrowing under the existing loan limits for up to three academic years or for the remainder of the student’s expected time to complete the credential—whichever period is shorter.

Current and future students are strongly encouraged to utilize the following resources to navigate the specific circumstances of their federal loans and receive further information:

- Contact your academic institution's financial aid office for guidance.
- Visit the American Dental Education Association’s advocacy center at <https://www.adea.org/initiatives> - Specific questions can be emailed to AGR@ADEA.org
- Visit the American Student Dental Association at <https://www.asdanet.org/index/get-involved/advocate/issues-and-legislative-priorities/Dental-Student-Debt>



One Big Beautiful Bill Act & Medicaid

Impact on State Medicaid Programs

The One Big Beautiful Bill (OB BB) Act includes changes to Medicaid that will affect both patients and dental providers. While pediatric dental benefits remain federally mandated under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit, adult dental benefits, which are optional for states, may be impacted as states adjust to changes in federal Medicaid funding. **Most Medicaid provisions in the OB BB do not take effect until late 2026-2028.**

Key Provisions Affecting Dental Practices

- **Cap on State-Directed Payments (effective with new MCO rating periods on or after July 4, 2025):** Managed care organizations (MCOs) can reimburse dental schools, and other health care institutions, up to the state Medicaid fee-for-service (FFS) rate (or 110% of FFS in non-expansion states).
- **Provider Tax Limits (phasing down starting October 1, 2026):** New provider taxes are prohibited. The safe-harbor cap on existing provider taxes in expansion states will phase down from 6% to 3.5%. Only one state currently imposes a provider tax on dental practices (Minnesota). Most states impose these taxes on hospitals and long-term care facilities to fund the state's Medicaid cost-sharing requirements.

Key Provisions Affecting Patients

- **Eligibility Redeterminations (beginning January 1, 2027):** States must review Medicaid eligibility for adults every six months.
- **Work/Community Engagement Requirements (beginning January 1, 2027):** Most adults with children age 14 or older must document 80 hours of work, school, or volunteer activity per month to maintain coverage.
- **New Co-Pays (effective October 1, 2028):** Expansion adults (100–138% of the federal poverty level) can be charged up to a \$35 co-pay per dental visit, including preventive care as determined by states.

What Dentists Should Know

- Pediatric dental benefits under EPSDT were not affected under the OB BB. However, Medicaid funding changes may negatively impact reimbursement rates for pediatric care, and adult dental services may be reduced or eliminated.
- Most major provisions of OB BB are **not yet in effect**, providing time for adjustments or potential federal and state legislative revisions.
- The ADA is closely monitoring implementation and working with state dental societies to provide updates and advocacy support.