

What Medicaid Cuts are on the Congressional Table?

Under the final House/Senate budget blueprint agreement, total Medicaid federal spending reductions could reach \$880 billion over 10 years. Cuts this size would significantly affect states' ability to finance their programs, with major coverage implications for children and adults. Medicaid spending reduction pressure is huge; other than Medicare, Medicaid is the single largest source of federal health care spending, and the largest means-tested federal entitlement program. The Congressional Budget Office has concluded that the House cannot hit its projected savings without deep Medicaid spending reductions. Experts estimate that large federal losses will trigger corresponding state rollbacks, achieved through a combination of eligibility, coverage, and provider payment rollbacks. State credit ratings could be affected, causing greater economic losses. Declining providers likely will lead to higher uncompensated care costs, especially in the poorest communities. Low income working age adults are a clear focus of spending reduction options. But on a per capita basis, the costliest populations are children and adults with disabilities, who represent 25% of all enrollees but half of all spending; many fall into optional eligibility categories.

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Here are the major proposals, with action expected in the spring.

- **End the enhanced federal funding levels for ACA expansion adults.** One estimate predicts that reducing federal funding to normal federal funding levels would result in state losses of \$1.4 trillion over 10 years; should states drop coverage of these adults, another leading estimate shows that as many as 15 million people would lose Medicaid and two-thirds (10 million) would remain completely uninsured.
- **Mandate work and reporting rules.** Over 92 percent of all poor working age people either work or would be exempt based on serious health problems, school, or family care responsibilities. But a work and reporting requirement has been shown to create immense navigational difficulties that virtually all people obligated to report are at risk for losing coverage or failing to enroll to begin with. A 2023 Congressional Budget Office estimate of \$100 billion in savings is likely too low.
- **Cap federal payments to states.** An arbitrary limit on what the federal government will pay states threatens the costliest populations and services. Savings estimates range from nearly \$1 trillion to \$1.4 trillion depending on whether states impose their own caps in response.
- **Make it harder for states to generate the funds they need to qualify for federal funding.** To qualify for federal payments, states must spend money, and virtually all states rely on provider taxes to generate revenue. If states cannot raise the revenue they need to run their programs, large-scale reductions become virtually inevitable.
- **Make it harder to enroll and renew coverage.** The ACA simplified enrollment and renewal by moving states to automated systems, eliminating mid-year eligibility checks, and adopting an annual renewal system for low income children and adults. Advocates of cuts have pressed to eliminate these streamlining reforms, despite evidence show that enrollment streamlining preserves coverage for eligible people by reducing the risk of enrollment "churn".
- **End coverage for immigrants.** Opponents of immigration advocate for ending coverage for all legal immigrants other than green card holders, affecting groups such as refugees, asylees, and people paroled into the US. They also advocate ending emergency Medicaid coverage for undocumented immigrants. No loss estimate has yet emerged.



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