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Fact Sheet: The Impacts of Republican Plans to Cut Hundreds of Billions of Dollars from Medicaid

ENERGY & COMMERCE COMMITTEE DEMOCRATS

Republicans' budget resolution instructs the Energy and Commerce Committee to cut at least \$880 billion in federal funding—with incentives to cut \$500 billion more—to pay for tax breaks for billionaires and large corporations. Despite claiming that the Budget Resolution doesn't say the word "Medicaid," Republicans are targeting the [80 million](#) Americans who receive health care through Medicaid and the Children's Health Insurance Program (CHIP)—[there is nowhere else to get these savings](#).

WHO ARE THE 80 MILLION AMERICANS ON MEDICAID AND CHIP:

More than [32 percent](#) of Americans relied on Medicaid for health coverage in 2023—and, in some congressional districts, more than half of all residents rely on Medicaid. Click [HERE](#) to see the share of residents with Medicaid coverage by congressional district. Here's who these cuts will impact in your district:

- ⊗ **Elderly and disabled people in need of long-term care—including millions of seniors on Medicare.** Medicaid is the primary source of long-term care in the United States—accounting for [61 percent](#) of U.S. spending in 2022. For many [people with disabilities](#), Medicaid is how they receive care in their homes and communities rather than institutions. Three of every 10 dollars [spent](#) by Medicaid support Medicare beneficiaries—helping them access coverage, and paying for otherwise uncovered services.
- ⊗ **People with mental health and substance use disorders.** Medicaid is the [single largest payer](#) in the country for behavioral health services, covering about [one quarter of total spending](#) and covering about [1 in 3 adults with mental illness](#) and [40 percent of all Americans with opioid use disorder](#).
- ⊗ **Children and working families, including pregnant women and children with disabilities.** Medicaid covers [nearly 40 percent](#) of [all children](#) and more than [40 percent](#) of all births. Medicaid provides [12 months of postpartum coverage in nearly every state](#). Medicaid provides comprehensive coverage for [children with disabilities](#)—including children with private insurance that does not cover their needs—with little to no out-of-pocket costs.

HOW HOUSE REPUBLICANS ARE LOOKING TO CUT MEDICAID:

Republican proposals to cut Medicaid strip people of their health care coverage, cut benefits leading to higher costs for Americans, and cut payments to hospitals, Community Health Centers, and nursing homes, causing closures and cuts to services:

- ⊗ **Gutting Medicaid funding through per capita caps.** Republicans are considering cutting up to \$900 billion in federal funding by imposing "per capita caps" on some or all Medicaid eligibility groups, such as the Affordable Care Act (ACA) Medicaid expansion group. That means the funding does not grow with the needs of the population but is subject to arbitrary funding caps imposed on some or all Medicaid eligibility groups. Click [HERE](#) to see state-by-state estimates of the impact of per capita caps.
- ⊗ **Cutting hundreds of billions of dollars by reducing the Medicaid matching rate for states with higher per-capita income.** Most state Medicaid spending is matched by federal dollars at a rate called the Federal Medical Assistance Percentage or "FMAP." States' FMAPs range from 50 percent to approximately 77 percent, based on the per capita income for the state—meaning states with high-income households like California and New York have the lowest FMAPs of 50 percent. Republicans have

proposed cutting the Medicaid FMAP floor—**leaving states with as much as \$530 billion less in federal funding**. Click [HERE](#) to see the federal matching rates for most Medicaid spending in your state.

- ⊗ **Slashing funding for Medicaid expansion, which would result in millions of people losing coverage.** States receive a 90 percent federal matching rate for expenditures for the ACA Medicaid expansion population—which is made up of the lowest income adults, including [low-income parents](#) and [people with disabilities](#). Republicans have proposed cutting the 90 percent matching rate, **eliminating about \$600 billion in Medicaid funds to states**. Forty states and Washington, D.C. have adopted Medicaid expansion. Without this funding, nine states’ laws would automatically end Medicaid expansion, and the remaining states would be left to figure out how to make up for this massive loss in funding. Click [HERE](#) to see which states would automatically terminate Medicaid expansion, [HERE](#) to see the number and share of people in your congressional district with Medicaid expansion coverage, and [HERE](#) to see the impact on your state’s budget and Medicaid enrollment if the 90 percent match was cut.
- ⊗ **Cutting off states’ ability to generate Medicaid funding via provider taxes, resulting in federal cuts.** States can generate the state share of Medicaid funding in a variety of ways—including taxes on providers such as hospitals and nursing homes. As of fiscal year 2018, provider taxes represented 17 percent of the state share. Republican proposals would limit states’ ability to generate provider taxes, [preventing them from raising the funds necessary to sustain their Medicaid programs](#) and **cutting up to \$630 billion in federal Medicaid funding**. These extreme cuts will leave states with no choice but to cut people off Medicaid, cut services and benefits, or cut payment rates to community providers. Every state but Alaska has a provider tax, and 39 states have three or more provider taxes. Click [HERE](#) and look at FIGURE 14 and TABLE 4 to see how many provider taxes your state has in place, and on what types of providers.
- ⊗ **Subjecting people to “work reporting requirements.”** Republicans’ proposal for burdensome work reporting requirements is another Medicaid cut masquerading as a “work” program. Work reporting requirements are purposefully designed to [throw Medicaid beneficiaries off Medicaid](#) and [create more obstacles to health care](#). The research is clear: policies that take coverage away from people for failing to meet a work reporting requirement result in more uninsured people—[without](#) any increase in employment. Click [HERE](#) to see the number of people at risk in your district.

WHAT THESE CUTS MEAN FOR YOUR CONSTITUENTS:

States will either need to come up with *significant* new sources of funding to fill the hole left by federal cuts or—more likely—find ways to cut Medicaid spending in your state. Today, approximately [two-thirds](#) of expenditures for Medicaid come from federal sources and Medicaid represents more than [56 percent](#) of all federal funding to states. With federal Medicaid funding slashed, state policymakers will turn to:

- ⊗ **Cuts to coverage, leaving more of your constituents uninsured.** Every \$100 billion cut from the Medicaid program [represents](#) the cost of coverage for more than 3.7 million children, 540,000 low-income seniors, or 415,000 adults with disabilities. A \$1.5 trillion cut is *15 times* that amount.
- ⊗ **Cuts to benefits like home- and community-based services—leaving elderly and disabled people at risk of institutionalization, and worsening health care provider shortages.** Beneficiaries who need the most expensive [optional services](#) (like home- and community-based services)—such as elderly people and people living with disabilities—are particularly at risk. These types of [costly but optional services](#) are the first that state policymakers will cut, leaving even more families with nowhere to turn for long-term care and putting more providers at risk of closure.

⊗ **Cuts in hospital, nursing home, and Community Health Center payments—leading to closures, reduced services, and worse care for families who rely on Medicaid.** For example, in 2010-2022, most rural hospitals and more than one-third of urban hospitals [closed](#) their maternity wards. Hospital closures and reductions in services [accelerate with Medicaid funding cuts](#). Families will miss more care, be forced to travel further to receive care when they can no longer avoid it, and the quality of care they receive will suffer.