



## **Consequences of Medicaid Cuts and Importance of Medicaid to Health and Well-Being**

1. **Putting \$880 Billion in Potential Federal Medicaid Cuts in Context of State Budgets and Coverage** (KFF – 3/24/25)
  - a. States could opt to raise tax revenues to offset federal Medicaid reductions. Proposed federal cuts represent 6% of state taxes per resident.
  - b. States could instead make cuts to other states programs such as education, the largest source of expenditures from state funds, to offset federal Medicaid reductions. Proposed federal cuts represent 19% of state education spending per pupil.
2. **The Three States That Are Especially Stuck if Congress Cuts Medicaid** (NYT – 4/6/25)
  - a. South Dakota, Missouri and Oklahoma have state constitutions requiring that they participate in Medicaid expansion. If Congress makes cuts to Medicaid expansion, such as through the Federal Medical Assistance Percentage (FMAP), those three states would probably have to raise taxes or cut other parts of their budgets including education or transportation
  - b. Twelve states, including Illinois and Virginia have passed legislation that would automatically rescind Medicaid expansion if federal funding declines.
3. **How Potential Federal Cuts to Medicaid and SNAP Could Trigger the Loss of a Million-Plus Jobs, Reduced Economic Activity, and Less State Revenue** (The Commonwealth Fund – 3/25/25)
  - a. Combined \$ 1.1 trillion in proposed Medicaid and SNAP funding at the federal level would see about 1.03 million jobs lost nationwide in health care, food-related industries, and other sectors. State and local governments would lose \$8.8 billion in state and local tax revenues.
    - i. Specifically due to Medicaid cuts - about 888,000 jobs would be lost in 2026, including 477,000 health care jobs at hospitals, clinics, doctors' offices, pharmacies, and nursing homes. Because of these losses, fewer health professionals would be available to provide care. Some health facilities, like rural hospitals, pharmacies, and nursing homes, might shutter, limiting access even for those who remain insured. Another 411,000 jobs would be lost as the effects extend to other industries, such as retail, construction, and manufacturing.
4. **Medicaid Cuts and the States: Tracking State-Specific Estimates of the Impacts of Proposed Changes** (State Health & Value Strategies – 4/10/25)

- a. Includes state specific studies that have assessed potential impacts of federal Medicaid funding cuts. Eight states (CO, KY, NV, NM, NC, OK, WI) have released estimates. For example – elimination of coverage for the expansion population at the federal level would see a loss of \$3.8 billion to KY’s economy annually and a loss of coverage for over 450,000 individuals.
5. **Medicaid Cuts on the Menu: What Are the Options?** (McDermott+ 2/20/25)
  - a. Describes various types of potential changes to the Medicaid program, including repealing minimum staffing standards for long-term care facilities, repealing the Medicaid/CHIP Managed Care Access, Finance, and Quality final rule, approving work requirement waivers, or revoking more types of waivers to address whole-person health, introducing caps on federal spending (block grant/reducing FMAs) and more.
6. **The Effects of State-Level Medicaid Coverage on Family Wealth (Russell Sage Foundation Journal of the Social Sciences – 08/2021)**
  - a. Overall greater state-level Medicaid access is associated with larger total amounts held in savings and retirement accounts, as well as in mortgages.
7. **The Long-Term Effects of Early Life Medicaid Coverage** (Journal of Human Resources – 07/2019)
  - a. **Abstract** - In this study, we evaluate how an expansion of Medicaid coverage for pregnant women and infants affected the adult outcomes of individuals who gained access to coverage in utero and during the first year of life. We find that cohorts whose mothers gained eligibility for prenatal coverage under Medicaid have lower rates of chronic conditions as adults and fewer hospitalizations related to diabetes and obesity. We also find that the expansions increased high school graduation rates. Our results indicate that expanding Medicaid prenatal coverage had long-term benefits for the next generation.
8. **Jeopardizing a Sound Investment: Why Short-Term Cuts to Medicaid Coverage During Pregnancy and Childhood Could Result in Long-Term Harm** (The Commonwealth Fund – 12/8/20)
  - a. **Abstract**
    - i. **Issue:** States are facing large revenue shortfalls and budget deficits from the COVID-19 crisis. To close deficits, they will need to raise taxes, cut spending to critical public programs like Medicaid, or both.
    - ii. **Goals:** Examine the long-term benefits of Medicaid coverage of children and pregnant women, and the likely impact of state Medicaid cuts for the short and long term.
    - iii. **Methods:** Review of research literature on the long-term benefits of Medicaid coverage of children and pregnant women.
    - iv. **Key Findings:** Research shows Medicaid coverage of children and pregnant women is associated with improved health and lower rates of disability in adulthood. Medicaid coverage is also associated with higher educational

attainment and greater financial security. Some studies find that Black children particularly benefit. Medicaid also produces financial benefits for society and a strong return on government investment.

- v. **Conclusions:** Because state and federal policymakers tend to focus more on short-term budget windows, they do not always consider long-term consequences. In addition to further temporary boosts in federal Medicaid funding, one potential policy solution is an automatic federal funding increase to avert Medicaid budget cuts during future economic downturns.

9. **Exploring the Effects of Medicaid During Childhood on the Economy and the Budget:**

**Working Paper 2023-2027** (Congressional Budget Office – 11/1/23)

- a. **Summary** - This paper examines the short- and long-term fiscal effects of Medicaid spending on children. In the short run, costs for Medicaid are paid upfront when the children (or their mothers) receive health care. In the long run, Medicaid enrollment during childhood has been shown to increase earnings in adulthood. Those higher earnings imply greater tax revenues and lower transfer payments by the federal government in the future. On a present-value basis, the Congressional Budget Office estimates that long-term fiscal effects of Medicaid spending on children could offset half or more of the program's initial outlays, depending on sets of reasonable parameter values. That estimate is sensitive to the discount factor used to convert future effects to current dollars because long-term returns take over 70 years to fully materialize. The results are also sensitive to the predicted effect of Medicaid enrollment during childhood on earnings in adulthood (a parameter not known with precision) and to whether the changes in federal Medicaid spending come from noninvestment spending or from changes in federal borrowing.

10. **Medicaid's Impact on Health Care Access, Outcomes, and State Economies** (Mannat Health – 2/1/19)

- a. Cites multiple other studies but notes that Medicaid coverage increases access to care and better health outcomes, including declines in one-year mortality from end-stage renal disease.
- b. Medicaid produces economic benefits for both the individuals it covers and society as a whole. Medicaid is responsive to economic downturns, enabling people to access coverage and care in times of financial stress.
  - i. Medicaid is the most successful type of health insurance at reducing poverty rates.
- c. Medicaid expansion has led to documented higher GDP, state revenue, jobs and higher growth in health care wages compared to other industries.

11. **Medicaid Expansion: Frequently Asked Questions** (Center on Budget and Policy Priorities – 6/14/24)

- a. Medicaid expansion has produced net savings for many states, has enabled states to spend less on programs for people with mental health or substance use

disorders, and lower spending on corrections as more incarcerated people become eligible for and enrolled in Medicaid.

- i. Between 2014-2017, Medicaid expansion was associated with a 4.4-4.7% reduction in state spending on traditional Medicaid.
- b. In expansion states, the uninsured rate among low-income, non-elderly adults fell by more than half between 2013-2022 compared to dropping from 44-30% in non-expansion states.
- c. Medicaid expansion improves access to care without reducing access or quality for those enrolled in other types of insurance. Expansion is associated with a significant rise in patients taking their medications as directed and with a decrease in low-income adults skipping their medication due to cost.
- d. Medicaid expansion is associated with improvements in overall self-reported health among adults with low incomes.
- e. Medicaid expansion prevents thousands of premature deaths each year, saving the lives of at least 19,200 adults aged 55-64 between 2017-2017.

**12. Fact Sheet: Medicaid is an Economic Game Changer, But Republicans Want to Slash the Program and Leave Families Behind** (Protect Our Care – 3/18/25)

- a. Medicaid Reduces Personal Debt and Prevents Working Americans from Declaring Bankruptcy. Medicaid enrollees have been found to have significantly lower medical debt with around a \$3.4 billion difference in just the first two years of Medicaid expansion's existence, as well as better credit terms worth \$520 million per year of enrollment.
- b. One 2020 report found that children who received health insurance through Medicaid were less likely to die young, more likely to be employed in their adult life, and less likely to develop a disability as an adult. This corroborates multiple other studies showing Medicaid pays for itself with children becoming higher tax-paying citizens who are less likely to be incarcerated and less likely to have chronic illnesses developed in childhood.
- c. Medicaid reduces uncompensated care costs for hospitals, allowing them to remain open, maintain jobs, and provide quality care.
- d. Medicaid helps fund rural hospitals, which employ 10 percent of all employees in rural counties.