

Harmful Impacts of Proposed Energy and Commerce Committee Medicaid Cuts: Updated 5/14/25

The House Republican budget reconciliation proposal would force 15 million Americans to lose health care coverage, including 13.7 million from the Energy and Commerce package alone, would drive-up health care costs for consumers and states, and force cuts to hospitals and the health care system on which we all rely. Despite President Trump and Republican lawmakers' public promises that they will not cut Medicaid, the Energy and Commerce Committee proposal alone details at least \$715 billion dollars in cuts — the biggest cut to Medicaid in history. Taken together with proposals in the House Ways and Means Committee that allow enhanced tax credits to expire, which would spike premiums for working families purchasing health insurance in the marketplaces, and in the House Agriculture Committee that would decimate food assistance provided to low income families through SNAP, this Republican budget reconciliation bill would jeopardize the health and financial stability for millions of American families. Below is an overview of the potentially devastating policy proposals included in the Energy and Commerce bill:

TERMINATE COVERAGE FOR MILLIONS of Americans, largely by forcing eligible people to drop out of coverage due to new bureaucratic burdens in enrollment paperwork.

- **Drop coverage for adults who don't fulfill bureaucratic work reporting requirements (*Section 44141*).** Would terminate coverage for adults without dependent children (age 19-64 in the ACA Medicaid expansion) who do not regularly report on their work, school, or "community engagement" activities that total 80 hours a month. Those who lose a job, or fail to fulfill the paperwork, would lose Medicaid coverage, and also be locked out from obtaining tax credits for private insurance in the marketplaces.
- **Force low-income adults to reapply every six months (*Section 44108*).** Would require states to conduct costly eligibility redeterminations every six months for adults enrolled through the ACA Medicaid expansion, beginning October 1, 2027 — increasing paperwork requirements to kick people off coverage.
- **Roll back retroactive coverage under the Medicaid and CHIP programs (*Section 44122*).** Impose hospital and medical bills on eligible Americans seeking care by restricting retroactive coverage from three months to one month prior to enrollment, applicable October 1, 2026. This would increase uncompensated care in clinics, hospitals, and emergency rooms, and force vulnerable people, including pregnant women and seniors into medical debt. The impact will grow as state processing of new Medicaid applications faces longer wait times past 30 days given new enrollment rules proposed.

- **Repeal federal rules that strengthened and streamlined eligibility and enrollment for the Medicare Savings Program and Medicaid/CHIP (Section 44101, Section 44102).** Making it more difficult for vulnerable seniors to receive help in managing rising Medicare costs, and resulting in an estimated 1.26 million fewer adults and children having access to Medicaid/CHIP.

INCREASE THE COSTS OF HEALTH CARE for consumers and families everywhere by reducing benefits, restricting access, and directly increasing premiums and/or cost-sharing.

- **Make it harder to get and stay on coverage in the ACA marketplaces (Sec 44201).** Would reduce benefits, narrow eligibility, impose barriers to enrollment, and increase premiums and cost sharing for people who purchase health insurance through the federal or state-based Marketplaces, by codifying most of the Trump Administration’s regulatory proposals for “Marketplace Integrity” into law.
- **Increase cost-sharing requirements for people enrolled in the Medicaid expansion (Section 44142).** Would add mandatory cost-sharing for adult with incomes over 100% of the federal poverty line, up to \$35/visit or \$1,000 for individuals making around \$20,000/year, putting a financial barrier to care for low-income adults getting coverage through the ACA Medicaid expansion.
- **Increase prescription drug costs, by expanding Orphan Drug Exceptions in Medicare Drug Negotiation (Section 44301).** This bill would weaken the power of Medicare to negotiate for better prices by expanding the list of drugs exempted from negotiation to include “orphan” drugs approved to treat multiple rare diseases or conditions.

FORCE CUTS TO CARE, HEALTH SERVICES AND BENEFITS by cutting core Medicaid funding to states and more.

- **Significantly restrict state use of provider taxes, a key tool for financing the state share of Medicaid; (Section 44132).** Would prevent states from increasing provider taxes or expanding their provider tax base to additional health care provider categories. By freezing the ability to generate revenue to finance Medicaid coverage, even as cost pressures go up, states will ultimately be forced to cut benefits for millions of people or make major cuts in provider reimbursement rates.
- **Impose new requirements on states for Medicaid provider tax (Section 44134).** Would further jeopardize revenue for states by imposing new definitions that limit the structure of provider tax revenue under state Medicaid 1115 waivers. Many states may need to significantly restructure their current financing of Medicaid.
- **Restrict the use of State-Directed Payments (Section 44133).** Limit states’ ability to direct higher reimbursement for rural hospitals, clinics, and other safety-net providers, by restricting state-directed payments to 100% of the published Medicare payment rate. This would hinder states’ abilities to keep key providers open, especially in rural communities.

- **Threaten federal money for key services by restricting funds from Section 1115 waivers; (Section 44135).** Would codify standards for budget neutrality for Medicaid 1115 waivers in statute and create a path for the HHS Secretary to redefine how states spend any savings, putting certain services provided under Medicaid waivers at risk, including public health and community supports.
- **Undo increased FMAP for new expansion states; (Section 44131).** Would sunset (on January 1, 2026) a provision from the American Rescue Plan Act that offered a 5% FMAP increase, to 95%, for 2 years to any state newly adopting ACA Medicaid expansion. This boosted funding helped states like North Carolina expand Medicaid but would no longer be available to the 10 remaining non-expansion states.
- **Reduce federal Medicaid funds for the health systems of certain states that use state dollars to cover residents who are not federally-eligible due to their immigration status; (Section 44111).** Would deny billions of dollars to certain states, that unrelatedly use state dollars to provide health benefits or financial assistance toward the purchase of health coverage to any resident who is ineligible for federal Medicaid due to their immigration status (e.g. including recent legal immigrants less than five years or undocumented) by reducing the expansion population federal match from 90% to 80%.
- **Prohibit federal financial participation under Medicaid/CHIP for individuals with unverified citizenship; (Section 44110).** Would force many Medicaid-eligible individuals to be caught up in paperwork and likely lose coverage when they apply for coverage, by making the Medicaid “reasonable opportunity period” (a 90-day grace period) optional rather than required for states under current law. States and providers would lose if care is provided during this period but not ultimately reimbursed.

ATTACKING THE HEALTH AND HEALTH CARE FOR SPECIFIC COMMUNITIES and vulnerable populations.

- **Restrict Medicaid funding for Planned Parenthood clinics; (Section 44126).** Would prohibit all Medicaid reimbursement for all services (for a period of 10 years) to any essential community provider, primarily engaged in family planning and reproductive health, who offers abortion services and received more than \$1 million in Medicaid funding in 2024--criteria designed to target Planned Parenthood specifically.
- **Prohibiting federal Medicaid and CHIP funding for gender affirming care to minors; (Section 44125).** Would prohibit Medicaid/CHIP programs from covering gender affirming surgery for those under age 18.
- **Rescind Medicaid rules that keep nursing home residents safe; (Section 44121).** Would stop CMS from implementing a federal rule to strengthen staffing ratio requirements for nursing homes to improve the safety and health outcomes for our nation’s seniors.