



The Budget Bill Is Bad for Alabama

The "One Big Beautiful Bill Act" will terminate health coverage, drive up costs and cut care across the country — eliminating health coverage for nearly 16 million people¹ and resulting in over 51,000 preventable deaths nationwide.² If Congress charges ahead with either the Senate or House version of the bill, at least 190,000 Alabamians will lose health coverage,³ and Alabama's uninsured rate will increase by 45%.⁴

The budget bill threatens the health and financial security of Alabamians in every community:

- Makes the largest cut to Medicaid in history, gutting a whopping \$859 billion from Medicaid⁵ and the low-income families, workers, veterans and people with disabilities who rely on it for their care, including 945,000 children and adults in Alabama.⁶
- **Drains \$349 billion from Marketplace coverage,** jeopardizing small businesses and entrepreneurs in Alabama.
- Forces another \$500 billion in mandatory cuts to Medicare by triggering federal spending laws on top of the Medicaid cuts that will already impact seniors and people with disabilities who are also covered by Medicare (dual-eligibles).

The budget bill will wreak havoc on Alabama's health system and economy

Alabama will be forced to offset budget holes caused by this bill by terminating coverage for families, eliminating essential health services, and cutting provider rates so drastically that doctors and hospitals are forced to close their doors — particularly in rural communities.

Hospitals like Lawrence Medical Center in Moulton and Community Hospital in Tallassee will be at greater financial risk of closing due to Medicaid cuts in the bill.8

Congress should reject these harmful cuts and instead take steps to protect health coverage programs that serve as lifelines for Alabamians.

June 2025 Fact Sheet

The budget bill will roll back the last decade of improvements to Alabama health coverage and care

Alabama Medicaid will face major cuts, forcing the state to make tough decisions about rolling back the services it provides — including dental care, prescription drugs and mental health care. The bill would also raise costs for Alabama's low-income seniors and people with disabilities who have Medicare coverage but also rely on Alabama Medicaid to help pay for out-of-pockets costs and access services not covered by Medicare. These cuts undermine the core financial backbone of Alabama's health care system, as Alabama Medicaid pays for a significant portion of care and services at local clinics and hospitals and serves as a critical engine for the state's economy.

Alabama Medicaid covers 945,000 children and adults:9



1 in 5 Alabama residents.10



60% of all children in Alabama. 11



328,000 seniors and people with disabilities in Alabama. 12

The Marketplace will be undermined in its mission to provide access to health care for Alabamians who do not qualify for Alabama Medicaid and do not have affordable coverage through their employers. The bill would make it harder for Alabamians to buy their own health coverage through the Marketplace without preexisting condition exclusions. Marketplace coverage provides comprehensive health benefits, including cancer screenings and treatment for diabetes and high blood pressure. The bill was also written with the assumption that Congress will allow enhanced premium tax credits to expire, which will make coverage even more unaffordable for Alabamians.

The Marketplace provides:



Coverage for **477,000 Alabama residents.**¹³



Coverage for 24,000 small-business owners in Alabama and 41,000 selfemployed Alabama residents.¹⁴



Premium tax credits to help 98% of Alabama enrollees pay their premiums.¹⁵ The budget bill will harm Alabama families, workers and small businesses by wrapping health coverage and care in red tape, undermining critical consumer protections, and making health care unaffordable.

- Making public and private coverage more expensive, harder to get and keep
 - The bill will impose higher out-of-pocket costs and cumbersome verification procedures for both Alabama Medicaid and the Marketplace. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the 218,000 people in Alabama who will no longer be able to automatically reenroll in their Marketplace plans from year to year. Around 131,000 additional Alabamians will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through the Marketplace.
- Keeping working people and children off coverage by creating bureaucratic barriers

Under current law, Medicaid offers a critical safeguard for new Medicaid enrollees by covering medical expenses up to three months prior to the official application date. This ensures vulnerable populations — such as children and older individuals who experience a sudden health decline or newly pregnant women who need care immediately — do not go into insurmountable medical debt while waiting for their paperwork to be processed.

Restrictions on retroactive coverage will increase people's risk of medical debt as they wait for Medicaid and Children's Health Insurance Program (CHIP) enrollment. The act would restrict retroactive coverage to one month (House-passed version) or two months (Senate-proposed version) prior to enrollment, putting Medicaid-eligible populations at a significantly higher risk of medical debt, particularly as the bill would create long backlogs of paperwork approvals. These policies would make the medical debt crisis much worse for families. In Talladega and Calhoun counties, 11% of residents already have medical debt in collections. 18

- Rolling back consumer protections for children
 - For children enrolled in CHIP, the act will eliminate current bans on annual and lifetime caps, enrollment waiting periods, and lockout periods for families who miss a premium payment because they cannot keep up with the cost of coverage.
- Raising costs for the poorest and most vulnerable Alabamians covered by Medicare

Alabama Medicaid helps about 220,000 seniors and people with disabilities afford their Medicare expenses, 19 including premiums and out-of-pocket costs when they see a doctor or need a hospital stay. The act will eliminate commonsense approaches like automatic data verification and streamlining applications, which will make it harder for these Alabamians to get the help they need to pay for their health care.



ALABAMA'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

\$410 MILLION

PER YEAR IN FEDERAL FUNDING

The budget bill will create a crisis for Alabama's health system and state budget

With over 190,000 Alabamians set to lose access to their Alabama Medicaid and Marketplace coverage, Alabama's health care system will lose an estimated \$410 million per year in federal funding, making it nearly impossible for the state to maintain current levels of coverage, benefits and payments to providers.²⁰ Alabama taxpayers will have to spend at least that much each year to cover additional uncompensated care costs at hospitals and clinics that provide health care services to newly uninsured residents who lack the ability to pay. The loss of federal funding will cause 10,000 total job losses (including jobs outside the health care sector) and \$1.6 billion in reduced economic output.²¹

The act will eliminate Alabama's flexibility to fund Alabama Medicaid in a way that works best for the state by freezing taxes on health care providers at current rates. This will leave Alabama with few options to address budget shortfalls and meet future demands resulting from hardships caused by storms, public health emergencies and economic downturns.

- Under current state law, three of Alabama's four provider tax types taxes on hospitals, nursing facilities and emergency medical providers will expire in 2028.²² If the act moves forward, Alabama will not have the flexibility to extend current taxes beyond 2028, leaving a severe budget shortfall. These taxes brought the state over \$400 million in fiscal year 2024.²³
- The bill will put Alabama at a disadvantage compared with other states, as it will not be able to tax health care providers at the same rate as other states and will have to consider income, sales and other taxes if it needs to raise revenue.

Cuts will make it much harder for Alabama to fund:

- 2 in 5 births for Alabama mothers.24
- 2 in 3 Alabama nursing home residents.²⁵
- Hospital services at 86 Alabama hospitals.²⁶ For example, Alabama Medicaid pays for 27% of all hospital services at Hale County Hospital in Greensboro and 13% of all hospital services at East Alabama Medical Center in Opelika.²⁷

The Senate should reject this ill-conceived proposal and instead vote to protect access to Alabama Medicaid, the Marketplace and Medicare so that:

CHILDREN IN ALABAMA

Have access to newborn care, checkups, care for diabetes and asthma, and more.

Stay healthy and ready to learn, miss fewer school days, are more likely to graduate, and earn more as adults.²⁸



FAMILIES IN ALABAMA

Have access to cancer screenings, mental health and substance use disorder treatment, and diabetes and blood pressure medications.

Have less risk of medical debt and eviction and can better afford to buy groceries or pay rent.²⁹







SENIORS IN ALABAMA

Have access to nursing home care, transportation to medical appointments, and home health services.

Stay healthy and receive needed care in their homes and communities.



The bill's proposed cuts to Alabama Medicaid, the Marketplace and Medicare are direct attacks on the health and financial security of Alabama residents and run counter to the will of the vast majority of voters from across political parties.³⁰

- 91% of Alabama voters want a "strong, sustainable Medicaid program."31
- 69% of Alabama voters oppose cutting funding for Medicaid.³²
- **82% of adults nationwide** including 67% of Republicans want Congress to maintain or increase Medicaid spending.³³

Congress has the responsibility to stand with families in Alabama and across the country by rejecting these cuts.

Endnotes

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