



The Budget Bill Is Bad for Kentucky

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 200,000 Kentuckians will lose health coverage,³ and Kentucky’s uninsured rate will increase by almost 85%.⁴**

The budget bill threatens the health and financial security of Kentuckians 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 1,377,000 children and adults in Kentucky.⁶
- **Drains \$349 billion from Marketplace coverage,⁷** jeopardizing small businesses and entrepreneurs (including those covered through kynect, which serves as Kentucky’s version of the Marketplace).
- **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 Kentucky’s health system and economy

Kentucky 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 will be forced to close their doors — particularly in rural communities. **Hospitals like Owensboro Health Twin Lakes Medical Center in Leitchfield and T.J. Samson Community Hospital in Glasgow 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 Kentuckians.

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

Kentucky 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 Kentucky’s low-income seniors and people with disabilities who have Medicare coverage but also rely on Medicaid to help pay for out-of-pockets costs and access services not covered by Medicare. These cuts undermine the core financial backbone of Kentucky’s health care system, as 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.

Kentucky Medicaid covers 1,377,000 children and adults:⁹



Nearly 1 in 3 Kentucky residents.¹⁰



626,000 children — 62% of all children in Kentucky.¹¹



533,000 seniors and people with disabilities in Kentucky.¹²

Marketplace coverage through kynect will be undermined in its mission to provide access to health care for Kentuckians who do not qualify for Medicaid and do not have affordable coverage through their employers. The bill would make it harder for Kentuckians to buy their own health coverage through the Marketplace without preexisting condition exclusions. Coverage through kynect 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 Kentuckians.

kynect provides:



Marketplace coverage for 97,000 Kentucky residents.¹³



Marketplace coverage for 7,000 small-business owners in Kentucky and 14,000 self-employed Kentucky residents.¹⁴



Premium tax credits to help 86% of Kentucky enrollees pay their premiums.¹⁵

The budget bill will harm Kentucky 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 Medicaid and kynect marketplace coverage. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the **58,000 people in Kentucky who will no longer be able to automatically reenroll** in their kynect marketplace plans from year to year.¹⁶ Around 47,000 additional Kentuckians will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through kynect.¹⁷

✓ **Kicking working people off coverage by creating bureaucratic barriers**

The act will attack Kentucky's successful Medicaid expansion, which covers 488,000 Kentuckians.¹⁸ In 2014, Kentucky expanded Medicaid coverage to residents who earn less than \$21,597 per year.¹⁹ The act will make it hard for these Kentuckians to keep their coverage, requiring them to reverify they are eligible every six months.

The act also will impose **the most onerous work reporting requirements ever attempted**, requiring workers to prove that they have one or more jobs that meet the hourly minimum or that they are exempted. Based on the experience of states that previously — and unsuccessfully — tried to implement work reporting requirements, an estimated 142,000 people are at risk of losing their coverage in Kentucky,²⁰ including seasonal farm workers, caregivers, students and people with disabilities. **An estimated 450 avoidable deaths will occur in Kentucky each year when adults lose coverage because of work reporting requirements.**²¹

✓ **Rolling back consumer protections for children**

For children enrolled in the Children's Health Insurance Program (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 Kentuckians covered by Medicare**

Medicaid helps about 168,000 seniors and people with disabilities afford their Medicare expenses,²² 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 Kentuckians to get the help they need to pay for their health care.



KENTUCKY'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

\$2.8 BILLION

PER YEAR IN FEDERAL FUNDING

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

With over 200,000 Kentuckians set to lose access to their Medicaid and kynect marketplace coverage, **Kentucky's health care system will lose an estimated \$2.8 billion per year in federal funding**, making it nearly impossible for the state to maintain current levels of coverage, benefits and payments to providers.²³ Kentucky 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 at least 24,000 total job losses (including jobs outside the health care sector) and \$4.1 billion in reduced economic output in the state.**²⁴

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

- Under both the House and Senate version of the bill, if Kentucky has a future Medicaid budget shortfall and needs to raise revenue, it would not have the option to turn to new provider taxes as a funding source and would have to consider income, sales and other taxes.
- Kentucky currently taxes hospitals and nursing facilities at lower rates than many other states. Under the House version of the bill, Kentucky would be at a disadvantage compared with those states that would have their provider taxes frozen at higher rates.²⁵

Cuts will make it much harder for Kentucky to fund:

- 2 in 5 births for Kentucky mothers.²⁶
- 2 in 3 Kentucky nursing home residents.²⁷
- Hospital services at 91 Kentucky hospitals.²⁸ For example, Medicaid pays for 41% of all hospital services at Bourbon Community Hospital in Paris and 36% of all hospital services at UofL Health — UofL Hospital in Louisville.²⁹

The Senate should reject this ill-conceived proposal and instead vote to protect access to Medicaid, kynect marketplace coverage and Medicare so that:

CHILDREN IN KENTUCKY

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.³⁰



FAMILIES IN KENTUCKY

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.³¹



SENIORS IN KENTUCKY

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 Medicaid, kynect marketplace coverage and Medicare are direct attacks on the health and financial security of Kentucky residents and run counter to the will of the vast majority of voters from across political parties.³²

- 92% of Kentucky voters want a “strong, sustainable Medicaid program.”³³
- 71% of Kentucky voters oppose cutting funding for Medicaid.³⁴
- 82% of adults nationwide — including 67% of Republicans — want Congress to maintain or increase Medicaid spending.³⁵

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

Endnotes

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