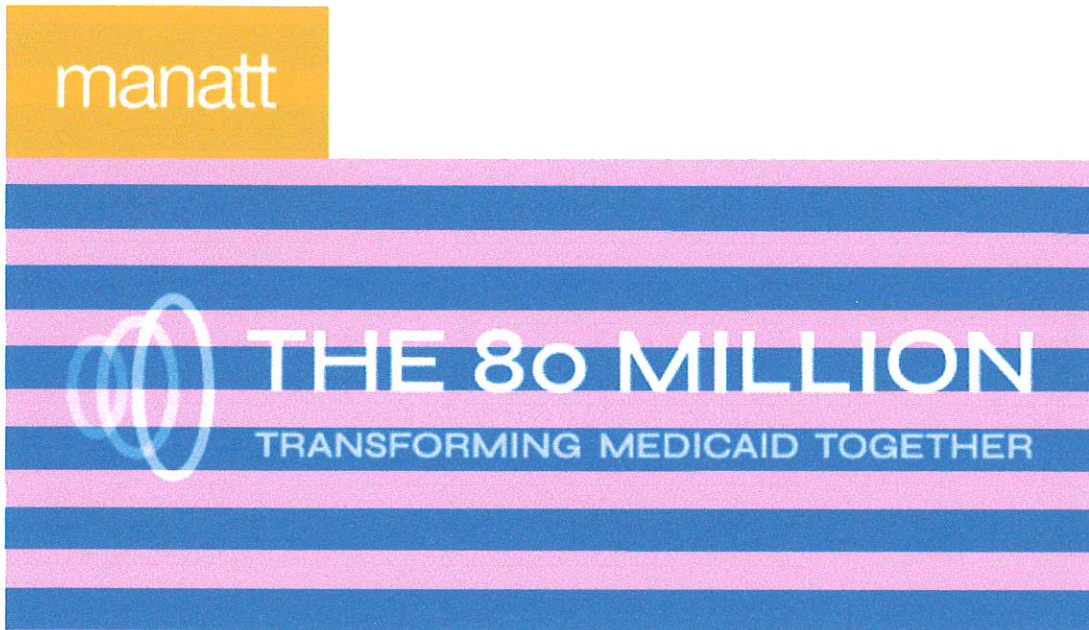


~~clarkross10@comcast.net~~

**From:** Manatt <newsletters@communication.manatt.com>  
**Sent:** Thursday, December 19, 2024 11:07 AM  
**To:** ~~clarkross10@comcast.net~~  
**Subject:** In Case You Missed It – The Latest Insights from The 80 Million



Last month, we announced the launch of Manatt’s *Million: Transforming Medicaid Together*, where our aim is forthright exploration of the most important issues in Medicaid – what works, what doesn’t, and how to make it better. As we prepare for the new Trump Administration, Republican majorities in the House and Senate, and what single party control may mean for Medicaid, we wanted to lift up our latest insights from *The 80 Million*:

- [Cell and Gene Therapy in Medicaid: Larrv David Has Some Good Advice](#)
- [The Impact of Medicaid on the Health of the Nation](#)  
that Everyone Should be Talking About
- [The Enduring Role of Medicaid in Addressing Drivers of Health](#)



Login

Subscribe

About Us

THE 80 MILLION > Posts >

Cutting Federal Medicaid Funding: 8 Key Consequences That Everyone Should be Talking About

# Cutting Federal Medicaid Funding: 8 Key Consequences That Everyone Should be Talking About

December 03, 2024

**Authors: Patti Boozang & Cindy Mann**

Click [here](#) to subscribe to receive more content like this!

**tl;dr;**

*What's New*

The next Trump administration and new Congressional leadership are considering cuts to federal Medicaid funding that by several estimates could exceed **hundreds of billions of dollars over eight years.**

*The 80 Million Impact*

Because every state relies on a combination of federal and state funding to sustain Medicaid, which serves over 80 million people across the country, cuts in federal Medicaid funding would require states to make tough choices to either slash vital services for their residents or raise taxes to cover the shortfall. The ripple effect of the deep cuts to federal Medicaid funding would be felt well beyond Medicaid, from increased health care costs overall to job losses and



relied on Medicaid themselves or have a family member or close friend who relies on Medicaid.

Discussions about the size and nature of Medicaid cuts **are being debated now** and once key decisions are crafted and baked into a budget process, it will be difficult to undo them. As this funding debate heats up, we're highlighting eight key consequences of Medicaid cuts for the health and economic stability of states, their residents, and their health care delivery systems:

1. Cuts to federal Medicaid funding shift costs to state budgets and taxpayers.
2. Defunding Medicaid would create a major hole in state budgets.
3. Cuts in Medicaid would disproportionately affect children, older Americans, and disabled Americans.
4. Defunding Medicaid would strike a blow to Americans who need help paying for long-term care and community support services and to their providers.
5. A cut to Medicaid is a cut to Medicare.
6. Cuts to Medicaid would undermine behavioral health care coverage and access while the Nation is in the middle of a mental health/SUD crisis.
7. Medicaid is a lean, efficient health coverage program; defunding it will lead to eligibility, benefits, and provider payment cuts.
8. Stripping states of federal Medicaid funding would impact the health care workforce and state economies.

## **Cutting Federal Medicaid Funding: 8 Key Consequences That Everyone Should be Talking About**

**1. Cuts to federal Medicaid funding shift costs to state budgets and taxpayers**






Nearly **68%** of total state expenditures for Medicaid come from federal sources. Deep cuts to federal Medicaid dollars would force states to either increase their own spending to make up for the shortfall or cut Medicaid program services, eligibility, or provider payments or some combination of all three.

**Cuts to federal Medicaid funding shift costs to state budgets and taxpayers.**

Over **two-thirds** of state Medicaid expenditures are federally funded.



 THE 80 MILLION

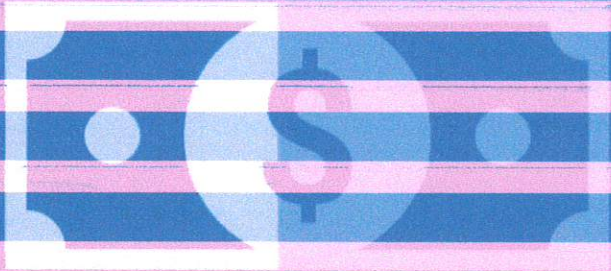
## **2. Defunding Medicaid would create a major hole in state budgets.**

Medicaid represents **\$1 of every \$6** in U.S. health care spending and a major source of financing for health care provider delivery systems. It is the largest single source of federal funds to states – **45%** of total federal dollars – and a driver of state economies. That’s true for all states – red, blue, and purple: Medicaid is the backbone of health care coverage and care delivery throughout the country.



## Defunding Medicaid would create a major hole in state budgets.

Federal Medicaid funds are 45% of total federal funds to states.



THE 80 MILLION

### 3. Cuts in Medicaid funding would disproportionately affect children, older Americans, and disabled Americans.

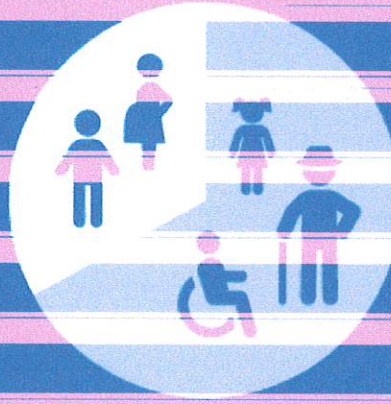
**Two-thirds** of total Medicaid spending annually pays for services for children, aged adults, and people with disabilities. The other one-third covers pregnant women, parents, and other adults including individuals with physical and mental health conditions. Cutting federal Medicaid funds would require states to increase state general funds or reduce services and provider payment, leading to poorer health outcomes and increased financial strain for these Americans.





**Cuts in Medicaid funding would disproportionately affect children, older Americans, and disabled Americans.**

**Two-thirds** of Medicaid spending goes to children, elderly, and the disabled.  
**One-third** goes to parents, pregnant women and other adults.



THE 80 MILLION

#### **4. Defunding Medicaid would strike a blow to Americans who need help paying for long-term care and community support services and to their providers.**

Medicaid is *the* primary source of coverage and payment for Long-term Services and Supports (LTSS) in the United States, accounting for nearly **45%** of all LTSS funding in 2021. Medicare, private insurance, and employer sponsored insurance don't cover most long-term care services. Without Medicaid, millions of people would be left without access to LTSS and face health and financial consequences, with the impact growing as the population continues to age. Providers such as skilled nursing facilities, home care agencies, direct care workers and others providing community-based long-term care would lose a critical source of revenue, undermining their ability to continue to deliver services.





**Defunding Medicaid would strike a blow to Americans who need help paying for long-term care and community support services and to their providers.**

Medicaid accounted for **nearly 45%** of total Long-term Services and Supports (LTSS) funding in 2021.



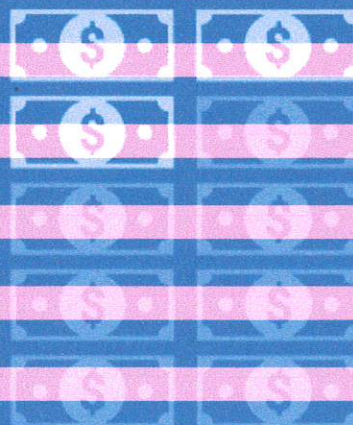
THE 80 MILLION

### 5. A cut to Medicaid is a cut to Medicare.

**Three out of every ten dollars** spent by the Medicaid program support care and access for Medicare beneficiaries. This includes the cost of most LTSS that Medicare beneficiaries need as well other health services. Medicaid also promotes access to care for Medicare beneficiaries by defraying their out-of-pocket costs.

**A cut to Medicaid is a cut to Medicare.**

**Three out of every 10 dollars** spent by the Medicaid program support care and access for Medicare beneficiaries.



THE 80 MILLION





## 6. Cuts to Medicaid would undermine behavioral health care coverage and access while the Nation is in the middle of a mental health/SUD crisis.

Medicaid is the single largest payor for mental health and substance use disorder services in the United States, covering **27%** (\$81 billion) of all behavioral health spending (\$297.6 billion) in 2022. In 2020, Medicaid covered **23%** of nonelderly adults with mental illness, **26%** with serious mental illness (SMI), and **22%** with substance use disorder (SUD) even though Medicaid accounts for coverage for just **18%** of the total nonelderly adult population in the country.

**Cuts to Medicaid would undermine behavioral health care coverage and access while the Nation is in the middle of a mental health/SUD crisis.**

Medicaid covers more than **one quarter** of all spending for mental health and substance use disorder services in the US.

THE 80 MILLION

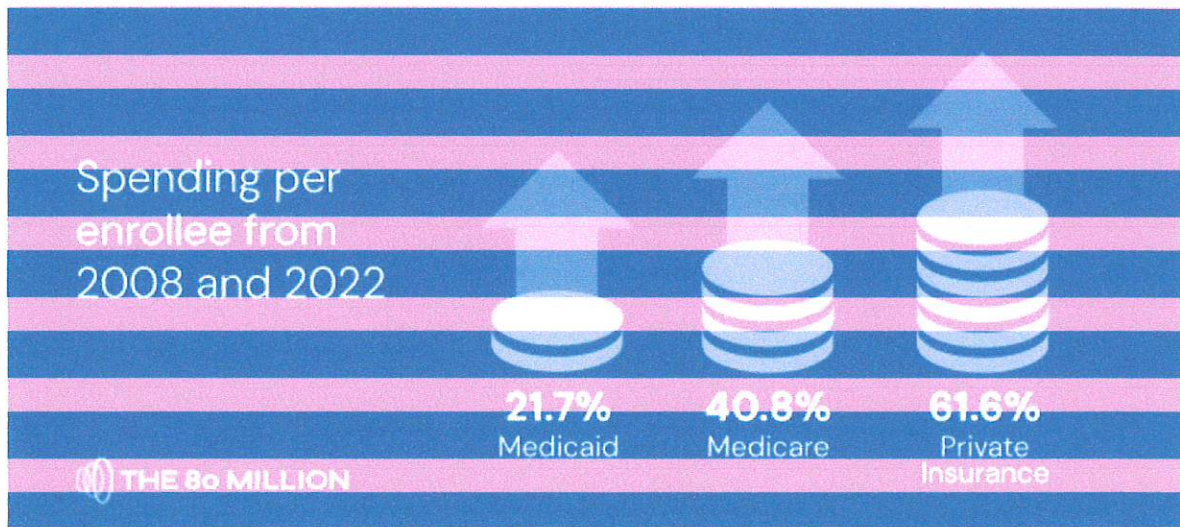
## 7. Medicaid is a lean, efficient health coverage program; defunding it will lead to eligibility, benefit, and provider payment cuts.

Medicaid spending levels are driven by the number of people it serves and spending per person in Medicaid has grown much more slowly compared to other payers. **From 2008 and 2022, spending per enrollee** in private insurance jumped by 61.6%, compared to 40.8% in Medicare and just 21.7% in Medicaid. Low program administrative costs – **averaging 5%** – also help keep Medicaid lean.





**Medicaid is a lean, efficient health coverage program; defunding it will lead to eligibility, benefit, and provider payment cuts.**



## **8. Stripping states of substantial federal Medicaid funding would destabilize the health care workforce and state economies.**

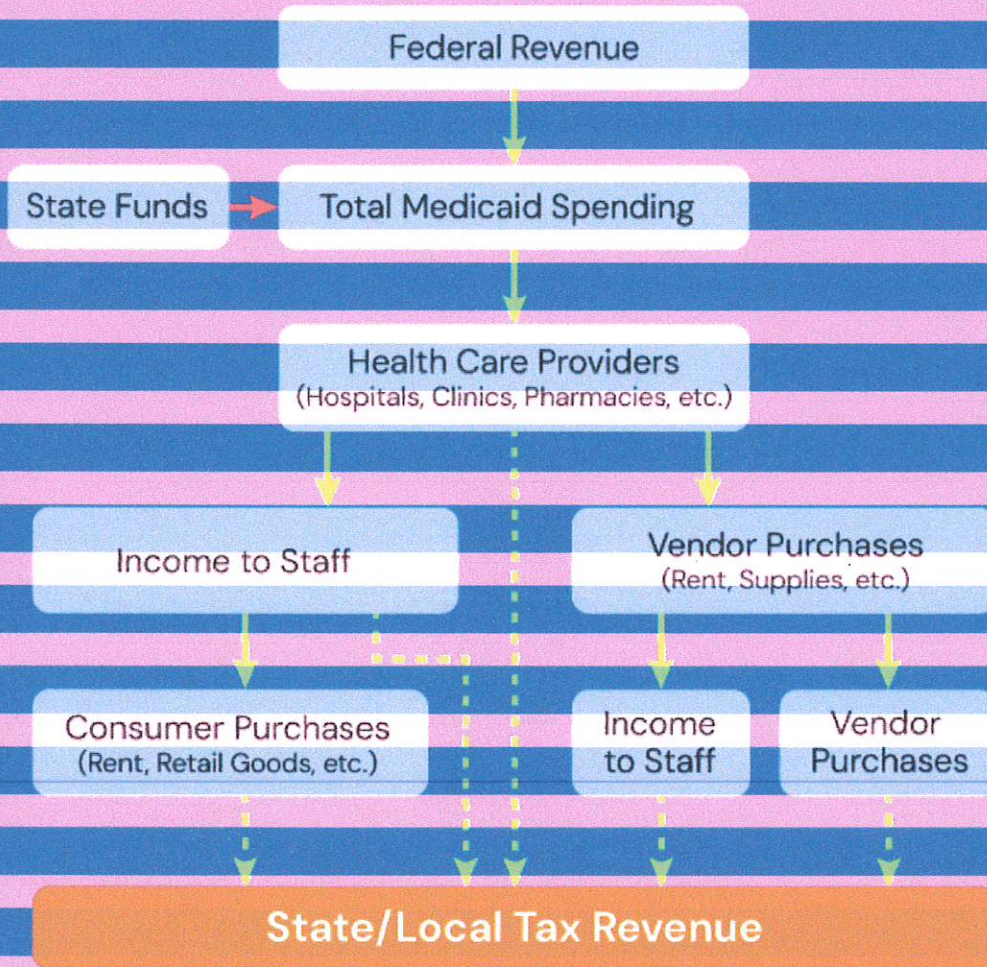
The Medicaid “multiplier effect” means that federal Medicaid dollars to states drive health care provider revenue, job creation, employment, business and economic opportunity and tax revenue. Deep cuts to federal Medicaid dollars to states would directly impact not just the Medicaid program, but also states’ health care providers, and the economic ecosystem that health care systems support including local vendors, employees, and small businesses. These effects would be most deeply felt in communities where hospitals and health systems are primary employers.





**Stripping states of substantial federal Medicaid funding would destabilize the health care workforce and state economies.**

## Multiplier Effect



Source: Adapted from Leighton Ku and Erin Brantley, *The Economic and Employment Effects of Medicaid Expansion Under the American Rescue Plan* (Commonwealth Fund, May 2021.)

### **The Bottom Line**

As the debate about Medicaid cuts continues we're focused, as many are, on how these cuts would impact state Medicaid programs and the 80 million people who are served by Medicaid – many of whom are our neighbors,





ecosystems they support across the country. These eight takeaways are intended to center the conversation in facts about Medicaid's essential role in the nation's health care system, state by state, and community by community.

Other thoughts or questions on the looming Medicaid funding debate? Click [here](#) to share what's on your mind.

## Keep reading



### Cell and Gene Therapy in Medicaid

Larry David Has Some Good Advice



### The Enduring Role of Medicaid in Addressing Drivers of Health

### Thankful for our Community



[View more >](#)



Home

Donate

E... [Subscribe](#)

