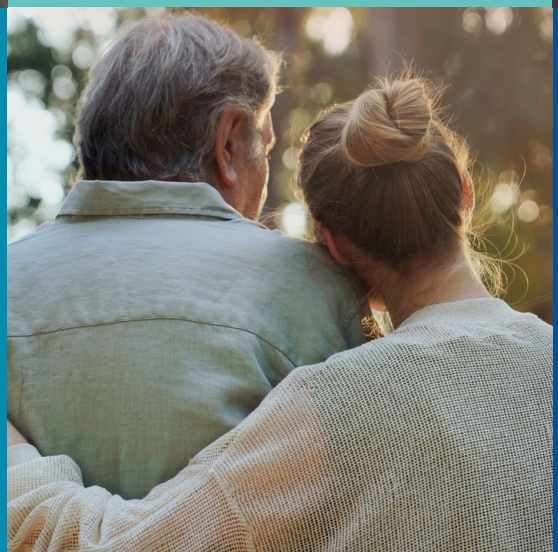
WHAT'S AT STAKE

WHAT MEDICAID CUTS MEAN FOR OLDER ADULTS AND PEOPLE WITH DISABILITIES

MEDICARE RIGHTS CENTER
Getting Medicare right



This fact sheet explains what Medicaid cuts mean for older adults, people with disabilities, and the health care system.

With the passage of HR 1, Congress is cutting around $1 trillion from Medicaid over the course of the next 10 years.[1] The cuts will affect Medicaid at every level, restricting eligibility and enrollment, driving up the cost of covered services for beneficiaries and states, and damaging the health care system nationwide.[2]

These cuts harm the people who rely on the program, including millions of older adults and people with disabilities who are dually eligible for Medicare and Medicaid, as well as people nearing Medicare eligibility who have coverage through expansion Medicaid.[3]

The cuts take three forms: direct cuts to eligibility, red tape that hampers access to care or coverage, and loss of benefits due to state cutbacks.

Losing Coverage Through Eligibility Cuts

These cuts directly limit eligibility to Medicaid benefits and cause many people to end up uninsured or underinsured, with all the health and financial implications of that status.[4] These include worse health and well-being, no access to affordable care including preventive care and screenings, high out-of-pocket costs or debt if they seek care, and broader public health effects.[5]

- **Ending Eligibility for Most Lawfully Present Immigrants:** HR 1 eliminates Medicaid coverage for lawfully present immigrants unless they fit one of three narrow categories: lawful permanent residents (green card holders), some immigrants from Cuba or Haiti, or people in the US under a Compact of Free Association with Palau, Micronesia, and the Marshall Islands. All other immigrants, including refugees, asylum recipients, and trafficking and domestic violence survivors will be ineligible as of October 1, 2026. Coupled with other limitations on other health coverage,[6] this will leave these populations with few or no options to get affordable care.[7]

- **Limiting Retroactive Coverage:** Beginning in 2027, retroactive coverage will be reduced from three months to two months for traditional Medicaid beneficiaries—including those who are dually eligible—and to one month for expansion beneficiaries. This restriction on retroactive coverage raises the risk of coverage gaps and adds bureaucratic burdens on those dealing with delayed coverage for sudden illness or long-term services.[8]

Losing Coverage Through Red Tape

By imposing new, stricter administrative requirements and rolling back previous reforms to enrollment, HR 1 will wrap millions of people in bureaucratic tangles. Many of these hurdles are meant to keep people from getting the coverage they qualify for on paper and will strip Medicaid coverage from an estimated 5.2 million people[9] and reduce the number of dually eligible enrollees by roughly 1.3 million[10] by 2034.

- **Creating Work Reporting Barriers:** Beginning on January 1, 2027, expansion Medicaid enrollees aged 19 to 64 will be required to report 80 hours of work per month[11] in order to keep their coverage. Beneficiaries will have to provide proof prior to enrollment and will continue to be subject to eligibility redeterminations every six months (or more frequently, according to their state's regulations).[12] Most people covered by expansion Medicaid already work or meet exemption criteria, but the burden of having to repeatedly reverify their eligibility will likely kick many people out of their coverage.[13] Evidence from past work reporting requirements in Medicaid show that states create unstable, unusable,[14] and expensive systems[15] for the reporting and cause many eligible people to lose coverage.[16]

- **Blocking Enrollment Rules:** Through two final rules, the Biden administration sought to streamline enrollment into various Medicaid programs, including Medicare Savings Programs (MSPs), which help people cover Medicare costs.[17] HR 1 blocks enforcement of most of these rules' provisions, allowing states to keep or impose new administrative hurdles. Application[18] and redetermination barriers have historically led to low MSP enrollment[19] and Medicaid churn[20] from people gaining and losing coverage repeatedly.[21]

Losing Coverage from Federal Costs Shifted to States

Cuts to federal Medicaid funding shift a huge financial burden onto states. Stretched thin, states will struggle to fund their share of Medicaid programs and be forced to cut services and restrict eligibility.[22] States with both high rural populations and expansion Medicaid are at heightened risk.

- **Endangering Home- and Community-Based Services:** Programs that are essential to older adults and people with disabilities but labeled "optional" by Medicaid rules are particularly at risk. Home- and community-based services allow people to age in place and retain autonomy in long-term care, but they are also an optional benefit that states are likely to cut in favor of redirecting dwindling funding to required Medicaid services. In fact, states have done that in the past when faced with budgetary shortfalls.[23]

- **Undermining Medicaid Expansion:** Forty-one states, including DC, participate in Medicaid expansion.[24] HR 1 cuts financing more aggressively for expansion than non-expansion states, and adds the expensive work reporting requirement discussed above.[25] Combined, these provisions make expansion Medicaid much more expensive for states, weakening the program and disincentivizing non-expansion states from participating.

- **Putting Providers at Risk, Especially in Rural Areas:** The cuts, coupled with any existing state budgetary pressures, will also reduce provider payments and increase uncompensated care burdens.[26] Uncompensated care is especially high for rural hospitals in states that have not expanded Medicaid,[27] but all states with large numbers of rural residents will be disproportionately harmed by Medicaid cuts. Medicaid covers one in four adults in rural areas, and it accounts for a higher share of funding for hospitals in rural settings than in urban settings.[28] The reduction in funding will only accelerate rural hospital closures, depriving entire communities of access to care.[29]

Setting the Stage for Broader Damage to Health Care

Cuts to Medicaid inevitably damage the wider national infrastructure of health care. People who lose access to Medicaid-funded cost assistance programs for Medicare will struggle to afford their care and may be forced to forgo coverage. The ripple effects of more people going uninsured and more medical costs going uncompensated will drive up the cost of care for the reduced number of people remaining in the health care market.[30]

[1] Congressional Budget Office, Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline (July 21, 2025), https://www.cbo.gov/publication/61570.
[2] Lindsey Copeland, "Final House Vote on Devastating Health and Food Assistance Cuts" (July 3, 2025), https://www.medicarerights.org/medicare-watch/2025/07/03/final-house-vote-looms-on-devastating-health-and-food-assistance-cuts.
[3] Natalie Kean & Gelila Selassie, "Medicaid Cuts in H.R.1 – Updates for Aging Advocates" (August 13, 2025), https://justiceinaging.org/wp-content/uploads/2025/08/8.13.25-H.R.-1-Medicaid-and-Medicare-Overview.pdf.
[4] Jennifer Tolbert, *et al.*, "Key Facts about the Uninsured Population" (December 18, 2024), https://www.kff.org/uninsured/key-facts-about-the-uninsured-population/.
[5] Lynn Goldman, "H.R. 1 Strips Vital Health, Nutrition and Economic Resources from Poorest, Most Vulnerable Americans: Statement from Dean Lynn Goldman and Health Policy Scholars at the George Washington University Milken Institute School of Public Health (July 3, 2025), https://publichealth.gwu.edu/hr-1-strips-vital-health-nutrition-and-economic-resources-poorest-most-vulnerable-americans.
[6] Julie Carter, "Reconciliation Bill Timeline Stretches Far Into Future, Giving Some Opportunities for Correction" (July 17, 2025), https://www.medicarerights.org/medicare-watch/2025/07/17/reconciliation-bill-timeline-stretches-far-into-future-giving-some-opportunities-for-correction.
[7] Patti Boozang, *et al.*, "How H.R.1 Impacts Coverage for Non-Citizens" (September 5, 2025), https://shvs.org/how-h-r-1-impacts-coverage-for-non-citizens/.
[8] Natalie Kean, "Medicaid Retroactive Coverage: What's at Stake for Older Adults When States Eliminate this Protection?" (September 2019), https://justiceinaging.org/wp-content/uploads/2019/09/Medicaid-Retroactive-Coverage-Issue-Brief.pdf.
[9] Congressional Budget Office, "Re: Estimated Effects on the Number of Uninsured People in 2034 Resulting From Policies Incorporated Within CBO's Baseline Projections and H.R. 1, the One Big Beautiful Bill Act" (June 4, 2025), https://www.cbo.gov/system/files/2025-06/Wyden-Pallone-Neal_Letter_6-4-25.pdf.
[10] Anna Mudumala, *et al.*, "The Impact of H.R. 1 on Two Medicaid Eligibility Rules" (September 22, 2025), https://www.kff.org/medicaid/the-impact-of-h-r-1-on-two-medicaid-eligibility-rules/.
[11] Elizabeth Hinton, *et al.*, "A Closer Look at the Work Requirement Provisions in the 2025 Federal Budget Reconciliation Law" (July 30, 2025), https://www.kff.org/medicaid/a-closer-look-at-the-work-requirement-provisions-in-the-2025-federal-budget-reconciliation-law/.
[12] Natalie Kean & Gelila Selassie, "Medicaid Cuts in H.R.1 – Updates for Aging Advocates" (August 13, 2025), https://justiceinaging.org/wp-content/uploads/2025/08/8.13.25-H.R.-1-Medicaid-and-Medicare-Overview.pdf.
[13] Julie Carter, "Reconciliation Bill Timeline Stretches Far Into Future, Giving Some Opportunities for Correction" (July 17, 2025), https://www.medicarerights.org/medicare-watch/2025/07/17/reconciliation-bill-timeline-stretches-far-into-future-giving-some-opportunities-for-correction.
[14] MaryBeth Musumeci, Robin Rudowitz & Cornelia Hall, "An Early Look at Implementation of Medicaid Work Requirements in Arkansas" (October 8, 2018), https://www.kff.org/medicaid/issue-brief/an-early-look-at-implementation-of-medicaid-work-requirements-in-arkansas/.

[15] Andy Miller & Renuka Rayasam, "Georgia's Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment" (March 20, 2024), https://kffhealthnews.org/news/article/georgia-medicaid-work-requirements-experiment-high-cost-low-enrollment/; Margaret Coker, "Georgia's Medicaid Work Requirement Program Spent Twice as Much on Administrative Costs as on Health Care, GAO Says" (September 24, 2025), https://www.propublica.org/article/georgia-pathways-medicaid-work-requirement-gao-report; Government Accountability Office, "Medicaid Demonstrations: Information on Administrative Spending for Georgia Work Requirements" (September 3, 2025), https://www.gao.gov/assets/gao-25-108160.pdf.
[16] Robin Rudowitz, MaryBeth Musumeci & Cornelia Hall, "February State Data for Medicaid Work Requirements in Arkansas" (March 25, 2019), https://www.kff.org/medicaid/issue-brief/state-data-for-medicaid-work-requirements-in-arkansas/.
[17] Medicare Interactive, "Medicare Savings Program basics" (last visited September 26, 2025), https://www.medicareinteractive.org/understanding-medicare/cost-saving-programs/medicare-savings-programs-qmb-slmb-qi/medicare-savings-program-basics.
[18] Centers for Medicare & Medicaid Services, "Navigating the Medicare Savings Program (MSP) Eligibility Experience" (last visited September 25, 2025), https://www.cms.gov/files/document/navigating-medicare-savings-program-msp-eligibility-experience-journey-map.pdf.
[19] Medicaid and CHIP Payment and Access Commission, "Medicare Savings Programs" (September 8, 2023), https://www.macpac.gov/subtopic/medicare-savings-programs/.
[20] Erin Weird Lakhmani, *et al.*, "Preventing and Addressing Unnecessary Medicaid Eligibility Churn Among Dually Eligible Individuals: Opportunities for States" (March 2022), https://www.integratedcareresourcecenter.com/sites/default/files/ICRC_Addressing_Medicaid_Churn_0.pdf.
[21] Anna Mudumala, *et al.*, "The Impact of H.R. 1 on Two Medicaid Eligibility Rules" (September 22, 2025), https://www.kff.org/medicaid/the-impact-of-h-r-1-on-two-medicaid-eligibility-rules/; Lindsey Copeland, "Final House Vote on Devastating Health and Food Assistance Cuts" (July 3, 2025), https://www.medicarerights.org/medicare-watch/2025/07/03/final-house-vote-looms-on-devastating-health-and-food-assistance-cuts.
[22] Natalie Kean & Gelila Selassie, "Medicaid Cuts in H.R.1 – Updates for Aging Advocates" (August 13, 2025), https://justiceinaging.org/wp-content/uploads/2025/08/8.13.25-H.R.-1-Medicaid-and-Medicare-Overview.pdf.
[23] Jessica Schubel, *et al.*, "History Repeats? Faced With Medicaid Cuts, States Reduced Support For Older Adults And Disabled People" (April 16, 2025), https://www.healthaffairs.org/content/forefront/history-repeats-faced-medicaid-cuts-states-reduced-support-older-adults-and-disabled; Julie Carter, "A Whirlwind of Damage from Republican Budget: Increased Costs for All, Hospitals and Lives at Risk" (June 5, 2025), https://www.medicarerights.org/medicare-watch/2025/06/05/a-whirlwind-of-damage-from-republican-budget-increased-costs-for-all-hospitals-and-lives-at-risk.
[24] KFF, "Status of State Medicaid Expansion Decisions" (last visited October 7, 2025), https://www.kff.org/medicaid/status-of-state-medicaid-expansion-decisions/.
[25] Natalie Kean & Gelila Selassie, "Medicaid Cuts in H.R.1 – Updates for Aging Advocates" (August 13, 2025), https://justiceinaging.org/wp-content/uploads/2025/08/8.13.25-H.R.-1-Medicaid-and-Medicare-Overview.pdf.
[26] Fredric Blavin & Michael Simpson, "State-Level Estimates of Health Care Spending and Uncompensated Care Changes under the Reconciliation Bill and Expiration of Enhanced Subsidies" (June 13, 2025), https://www.urban.org/research/publication/state-level-estimates-health-care-spending-and-uncompensated-care-changes.

[27] Emmaline Keesee, *et al.*, "Uncompensated Care is Highest for Rural Hospitals, Particularly in Non-Expansion States" (November 18, 2023), https://pmc.ncbi.nlm.nih.gov/articles/PMC10924546/.
[28] Scott Hulver, *et al.*, "10 Things to Know About Rural Hospitals" (April 16, 2025), https://www.kff.org/health-costs/10-things-to-know-about-rural-hospitals/.
[29] Julie Carter, "A Whirlwind of Damage from Republican Budget: Increased Costs for All, Hospitals and Lives at Risk" (June 5, 2025), https://www.medicarerights.org/medicare-watch/2025/06/05/a-whirlwind-of-damage-from-republican-budget-increased-costs-for-all-hospitals-and-lives-at-risk.
[30] Julie Carter, "A Whirlwind of Damage from Republican Budget: Increased Costs for All, Hospitals and Lives at Risk" (June 5, 2025), https://www.medicarerights.org/medicare-watch/2025/06/05/a-whirlwind-of-damage-from-republican-budget-increased-costs-for-all-hospitals-and-lives-at-risk.

www.medicarerights.org

800-333-4114

266 W. 37th St. 3rd Floor
New York, NY 10018

MEDICARE RIGHTS CENTER
Getting Medicare right