

2025 Issue Brief

Protect Medicaid Funding

Issue

Medicaid is a cornerstone of the American healthcare system, providing essential coverage to more than 79 million low-income individuals, children, seniors, and people with disabilities.ⁱ For millions of patients, Medicaid serves as the only pathway to accessing primary care, lifesaving treatments, behavioral health services, and long-term care. It is a critical source of funding for hospitals, community health centers, and other safety-net providers, which rely on the program to serve vulnerable populations. Currently, Congress is considering potentially cutting the Medicaid program by more than half a trillion dollars. If these cuts are enacted, it could lead to massive disruptions and reduced access to care for all Americans.

State Impact

Medicaid is a unique program, as it both acts as a state expenditure and is the largest source of federal support for states. In 2024, Medicaid expenditures, including federal matching funds, accounted for 30% of state budgets. Excluding federal funds, Medicaid spending totaled 19% of state budgets, the second largest category of spending for states, behind primary and secondary education.ⁱⁱ Should federal policymakers reduce the federal share, states will not be able to cover any shortfalls or reductions. In turn, healthcare providers will be faced with an untenable financial situation and be forced to consider a number of actions.

AMGA Member Impact

An AMGA member survey examined the impact on patient access and care if Medicaid cuts are enacted. The survey found:

- **85%** of those responding would eliminate services for Medicaid patients.
- **51%** would limit pediatric care; **47%** would reduce maternity services.
- **41%** would curtail behavioral health offerings.
- **72%** anticipate employee layoffs or furloughs, including frontline clinicians.
- Nearly **50%** of rural facilities expect closure or restructuring.
- **25%** would shut down telehealth programs, disproportionately affecting rural patients.ⁱⁱⁱ

Congress must carefully consider any proposed cuts to federal Medicaid funding, regardless of their structure or implementation. Such cuts would diminish access to essential healthcare, impose financial burdens on health systems and medical practices, increase uncompensated care costs, and have far-reaching consequences for communities.

AMGA asks Congress to:

- **Oppose any spending cuts to the Medicaid program.**

ⁱ KFF, Medicaid Enrollment and Unwinding Tracker, 2025, <https://www.kff.org/report-section/medicaid-enrollment-and-unwinding-tracker-enrollment-data/>

ⁱⁱ Peter G. Peterson Foundation, How Do States Pay for Medicaid?, 2025, <https://www.pgpf.org/article/budget-explainer-how-do-states-pay-for-medicaid/>

ⁱⁱⁱ AMGA, Medicaid Cuts Impact Survey, 2025, https://www.amga.org/getmedia/3dc8569a-b9ba-4280-8657-1dc84d3cfafe/medicaid-cuts-survey_2025.pdf