



# Republican Budget Law's Cuts to Medicaid Puts Health Care for Millions of Older Americans at Risk

On Friday, July 4, President Trump signed the Republicans' Budget Reconciliation bill into law. The law makes the largest cuts to health care and taxes in United States history, while adding at least [\\$3.3 trillion to the nation's deficit](#).

The law cuts nearly \$930 billion from the Medicaid program while creating [\\$4.5 trillion](#) in tax breaks for corporations and wealthy Americans, putting the health care of more than 9 million older Americans, as well as hospitals and nursing homes, at risk.

## Alliance Position

The Alliance for Retired Americans strongly opposes cuts to Medicaid, which provides health insurance to millions of Americans directly and through the Affordable Care Act. The Republican Party's recently passed Reconciliation Budget Act puts health care at risk for 72 million Americans, including 8.3 million seniors, 9.1 million people with disabilities, and 31.5 million children.

## What is Medicaid?

Medicaid is a partnership between the federal government and individual states created in 1965 to help Americans with low income get health care. The federal government gives funds to states to provide health and long-term care to older adults and people with limited income.

## How Medicaid Helps Older Americans

Medicaid funds are used to provide seniors and people with disabilities with a range of health care services including:

- **Long-Term Services and Supports (LTSS):** This helps 5.6 million older adults and people with disabilities live at home instead of in nursing facilities;
- **Home and Community-Based Services (HCBS):** Includes services like senior centers, adult daycare, skilled nursing, home-delivered meals, and transportation;
- **Nursing Home Care:** Medicaid covers 63% of nursing home costs, assisting over 860,000 seniors; and

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- **Medicare Help:** Medicaid helps low-income seniors pay their Medicare premiums, deductibles, and co-pays so they can afford health care.
- **Medicare Savings Programs (MSP):** These programs help to make Medicare more affordable for low-income older adults by assisting with Medicare costs through [Medicare Savings Programs](#) and by covering services that Medicare does not cover.

## Deep Medicaid Cuts

The Republican Budget Act includes [\\$930 billion](#) in federal Medicaid funding cuts over 10 years and is projected to cause nearly [17 million Americans](#) to lose their health insurance.

The cuts will have far-reaching effects beyond terminating health insurance for millions of Americans who rely on Medicaid. They also threaten the financial position of health care facilities and providers, put health care jobs at risk, and will increase premiums and out of pocket costs for all Americans.

In addition to the [11.8 million children and working-age adults](#) who are projected to lose Medicaid by 2034, the law makes insurance more expensive for 4.2 [million](#) Americans by letting the Affordable Care Act's premium tax credits expire. It also includes other ACA changes that will affect [nearly one million other](#) Americans' health insurance.

## Health Facility Closures

The Medicaid cuts will harm hospitals and nursing homes, particularly in rural communities where a large percentage of the population has relied on Medicaid for insurance. More than [300 rural hospitals](#) and [one in four nursing homes](#) are at risk of closure, leaving patients and families with less access to care. These closures and funding cuts are also expected to cause nearly [half a million](#) health-care workers across the country to lose their jobs.

## Medicaid and the Affordable Care Act

The Affordable Care Act (ACA), a comprehensive healthcare law passed in 2010 during the Obama administration, expanded Medicaid coverage to adults with incomes up to 138 percent of the poverty level, which, in 2025 includes individuals with an [income](#) of \$21,597 or \$44,367 for a [family of four](#).

The ACA offered states who opted in to Medicaid expansion federal matching funds to offset the costs of people newly covered under the law. Currently, there are 40 states that have expanded Medicaid under the ACA. For participating states, Medicaid expansion significantly lowered the uninsurance rate among low-income adults and increased access to healthcare services. Moreover, [long-standing racial inequities](#) in health outcomes, coverage, and access to care have shrunk.

## Medicaid Cuts Will Increase Costs for People with Employer-based Health Insurance

As people lose coverage, the cost of uncompensated care – services hospitals provide to uninsured patients but for which they don't receive payment – will rise and providers will need to shift costs. As a result, an AFL-CIO [report](#) estimates that annual health insurance premiums will increase by as much as \$485 per person for the 179 million Americans who rely on employer-based health insurance.