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The Math is Conclusive: Major Medicaid Cuts Are the Only Way to Meet House Budget Resolution Requirements



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The House passed a [budget resolution](#) instructing the House Energy & Commerce Committee (E&C) to reduce the federal deficit by at least \$880 billion over 10 years. Although the budget resolution does not mention Medicaid, it was [widely expected](#) that most of those cuts would come from Medicaid given E&C's area of jurisdiction. On March 5, the Congressional Budget Office (CBO) published [a letter](#) detailing the non-Medicare mandatory spending under E&C's jurisdiction to identify what programs could be cut to meet the \$880 billion target. (Medicare was excluded because cuts to Medicare are believed to be off-the-table.)

The CBO letter confirms early expectations, finding that over the next 10 years, 93% of non-Medicare spending in the E&C jurisdiction is from the federal share of Medicaid spending: \$8.2 trillion out of a total \$8.9 trillion. An additional \$200 billion of federal spending comes from the Children's Health Insurance Program (CHIP). Some of the committee's remaining spending is budget-neutral, and therefore, won't count towards deficit reduction. Even if E&C eliminated all non-Medicaid and CHIP spending, the committee would need to cut federal spending on Medicaid and CHIP by well over \$700 billion, nearly 10% of projected spending; and most agree that E&C is unlikely to eliminate all other sources of non-mandatory spending.

The math is conclusive: Major cuts to Medicaid are the only way to meet the House's budget resolution requirements. There are [a myriad of options](#) available for cutting Medicaid, but all of them would leave the states facing [difficult choices](#) to raise revenues or cut spending. Cuts to Medicaid spending could mean dropping coverage for some people, eliminating coverage of high-cost optional benefits such as prescription drugs, or cutting payment rates to health plans and providers. Different policies would have different implications for states, with policies such as a [per capita cap](#) having widespread effects across all states and policies such as cuts to the federal share of funding for the [Affordable Care Act](#) (ACA) expansion disproportionately affecting the [red and blue](#) states that have expanded Medicaid. Other policies, such as limiting supplemental [payments to hospitals](#), could have disproportionate effects on the health care industry, with the consequences being larger in states with greater reliance on such payments.

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