AMERICAN ACADEMY of NURSING

June 9, 2025

The Honorable Mike Crapo
Chair
Senate Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Lindsey Graham
Chair
Senate Committee on the Budget
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Jeff Merkley
Ranking Member
Senate Committee on the Budget
U.S. Senate
Washington, DC 20510

Dear Chairs Crapo and Graham and Ranking Members Wyden and Merkley,

The American Academy of Nursing (Academy) writes to express grave concern over substantial cuts outlined for Medicaid as a result of the One Big Beautiful Bill Act (H.R. 1) passed by the House of Representatives.[1] With more than 3,200 Fellows, the Academy—an honorific society and policy organization—represents nursing's most accomplished leaders in policy, research, administration, practice, and academia. Collectively with our Fellows and partners, the Academy aims to create solutions that matter, inspire change that propels transformation, and envision a healthier future. Our organization believes the impact of such significant cuts will impact care for those who need it most.

Congressional Budget Office projections estimate that Medicaid would face $793 billion in cuts over ten years, with 10.9 million people losing health care coverage as a direct result of the provisions in the bill—7.8 million of this total is attributed to people losing their Medicaid coverage.[2,3,4] Over five million more would also lose their health insurance coverage with the expiration of the expanded premium tax credits, bringing the total expected number of people losing coverage to 16 million.[3] These drastic cuts to Medicaid will cause substantial harm to millions of people across the United States who rely on Medicaid for their health care. Furthermore, a recent poll shows that people across the United States recognize the critical role of Medicaid and 71% disagree that Medicaid funding should be cut to reduce government spending.[5] **The Academy strongly recommends Congress avoid cuts to this vital program and take action to protect this essential funding.**

Access to Care

Medicaid covers 20% of people living in the United States (over 71 million people) and is a key source of coverage for people with low income, disabilities, and mental illness, as well as children, mothers, and older adults.[6,7] While Medicaid is a state-administered program, it is funded by both state and federal dollars and federal spending is essential. Federal funding in its current structure of a percentage match through the Federal Medical Assistance Percentage (FMAP) adapts to changes in Medicaid enrollment or costs, ensuring that the program remains dynamic and responsive to the needs of enrollees.

However, to cut federal spending on Medicaid, the budget reconciliation bill aims to restrict states' use of provider taxes and implement work requirements. Both states and enrollees will face burdens and difficult choices because of these changes. Reducing spending through these mechanisms would be

extremely detrimental to states' ability to meet the health care needs of their populations, which can differ greatly, and would constrain their ability to respond to emerging health-related threats.[8] States will face challenging cost-cutting choices to meet a balanced budget if federal funding is reduced. The budget reconciliation bill aims to freeze provider taxes and control the way in which states pay for their portion of Medicaid. Provider taxes are a lawful source of funding for states and restricting them will hinder their ability to fund Medicaid.[9] States' difficult cost-cutting decisions in the wake of this provision could include cutting enrollment or optional benefits, ultimately reducing the number of people who are able to receive coverage or reducing the valuable health care services available to enrollees.

People seeking coverage will face increased administrative and cost burdens as the budget reconciliation bill's eligibility and enrollment requirements include prohibiting streamlined application, enrollment, and renewal processes, and implementing new cost-sharing requirements. Work requirements present simply another administrative burden under the program. The vast majority of adults with Medicaid coverage are already engaged in work, school, caregiving responsibilities, or have an illness or disability.[10] Given this, estimates have indicated that work requirements would lead to reductions in the number of insured people due to confusion or lack of access to tools and information on work verification without an increase in employment.[10] Finally, developing and implementing systems in each state to verify work requirements is a time consuming and costly process.[10] If implemented by December 31, 2026, as the bill outlines, this presents a significant risk of rushed processes that will threaten people's health coverage.

Furthermore, the bill aims to enforce selective cuts to care that interfere with the patient-clinician relationship, including prohibiting federal funding for gender-affirming care for people of any age, prohibiting funding for any health center that offers abortion services, and prohibiting funding to insurance plans that cover abortion services. It is critical to note that federal funding already may not be used to cover abortion services, and these provisions aim simply to widen restrictions to health centers that provide many other essential health services in their communities, including contraception, STI services, Pap smears, and pelvic exams.[11] With a reduction in federal funding, these health centers may have fewer resources to serve patients and may ultimately be forced to close.[11]

Reductions in coverage are harmful to health and people will lose access to care. Maintaining and promoting Medicaid coverage is essential to ensure that populations receive health care that meets their needs.

Child Health

Nearly 40 million children in the United States are covered through Medicaid or the Children's Health Insurance Programs (CHIP),[7] covering 40% of children overall, almost 50% of children with special health care needs, and 80% of children living in poverty.[6] Medicaid ensures children have access to services and screenings that set them up for health across the lifespan, including with Early Periodic Screening Diagnosis and Treatment (EPSDT) services. These include critical physical, mental, developmental, dental, hearing, vision, and other screening tests and treatment along with other services such as immunizations, laboratory tests, and health education.[12] Access to Medicaid and CHIP improves health outcomes for children. Examples include reducing infant mortality by 50%[13] and higher survival rates for young adults with cancer.[14] Medicaid and CHIP coverage also contribute to improvements in school performance and long-term educational attainment.[15] ***Cuts to Medicaid would seriously harm children's health and could result in missed opportunities to prevent diseases through immunizations or diagnose and treat conditions early on.*** Families need access to timely, developmentally appropriate and essential care, including regular health care visits for their children.

Older Adults and Long-Term Care

Medicaid is critical for older adults as a primary payer for long-term care, including nursing home and home care services, as Medicare generally does not cover these long-term services and supports (LTSS).[16] LTSS makes up a large share of Medicaid spending in relation to the size of the population served: in 2020, 34.1% of Medicaid spending went to LTSS and 10.3% of total enrollees received LTSS.[17] While nursing facility care is a mandatory benefit, home and community-based services are generally an optional benefit.[17] Therefore, as states are forced to make cuts, home and community-based services (HCBS) that are key to older adults' health and well-being are at risk of being cut. These services allow individuals to remain in their homes, minimize disruption and maximize quality of life, and are often more cost-effective than institutional care. ***Removing services that benefit older adults is harmful, particularly given that older adults often have complex care needs and are more likely to live on a fixed income and rely on Medicaid benefits.*** It is also critical to note that cuts to Medicaid would also impact the Medicare program. If older adults lose access to key services or their coverage through Medicaid, the Medicare program would pick up higher costs as this population reaches eligibility for Medicare.[18]

The Academy has consistently called for increased support for older adults to live healthy lives and have the choice in their care as they age, including support to live in their home and community.[19] Nurse-led initiatives such as the Community Aging in Place: Advancing Better Living for Elders (CAPABLE) program can play an important role by enabling older adults to live at home with autonomy by implementing client-directed changes in their environment that support health.[20] Additionally, Nurses Improving Care for Healthsystems Elders (NICHE) is an evidence-based professional practice model that supports nurse-led innovation in knowledge transfer among clinicians and has led to care improvements for older adults.[21] These programs are examples of innovative initiatives that have been designated as Academy Edge Runners for their demonstrated ability to reduce costs and improve health care quality though the leadership and ingenuity of nurses. [22] Ensuring that older adults have access to care, including in the home and community-based settings, should be an essential priority and Medicaid is key to protecting these services.

People with Disabilities

Medicaid is an important source of coverage for people with disabilities: 15 million, or 35% of the total population of people with disabilities, are enrolled in Medicaid.[23] People with disabilities enrolled in Medicaid often rely on their coverage for LTSS, which can include home health aide services, personal care services, and transportation.[23] As technology and care advances to enable people with disabilities to live longer, healthier lives, this is predicted to result in an increased demand for LTSS in the future.[16] Older adults and people with disabilities account for a greater share of Medicaid spending than other groups, however, given their often complex care needs and use of LTSS,[6] putting them at particular risk of any cuts to Medicaid spending***. It is critical to protect the availability of funding to ensure people with disabilities receive the health care coverage and services that enable them to live healthy lives.***

Mental Health

Millions of adults and children across the U.S. are experiencing mental health challenges.[24] Furthermore, suicide rates in the U.S. have risen, with a 12.7% increase from 2012 to 2022, with suicide being the second leading cause of death among youth ages 10 to 24.[25,26] Medicaid is the single largest payer for mental health services in the United States[27] and covers nearly one in three adults living with mental illness; i.e. 15 million people.[28] Medicaid also provides significant financing for the delivery of school-based behavioral services, providing access to approximately 4 in 10 children nationwide.[29] ***Reducing***

coverage for people with mental illness would result in disruptions to essential care and be devastating to health. The Academy is on record in support of policies that promote access to mental health care, including incorporating mental health into primary care services and screenings and growing partnerships between health professionals and communities to expand access to mental and behavioral health resources.[30] Continued support and expansion of mental health care resources through Medicaid is essential.

Maternal Health

The Academy stands firmly in support of ensuring access to health insurance throughout the perinatal period to promote health for mothers and infants.[31] Medicaid is a primary payer for births in the United States—more than two out of five mothers who gave birth in 2021 had Medicaid as the principal source of payment for the delivery (41%).[32] Promoting access to health care is critical to ensure mothers can prevent and address complications during and after pregnancy, making it an important step to improve the rate of maternal mortality and poor perinatal health outcomes in the United States. Studies have shown that Medicaid expansions that increased coverage (adopted by forty states and the District of Columbia) led to increased coverage rates before, during, and after pregnancy; increased access to prenatal and postpartum care; and better birth and postpartum outcomes.[33] Furthermore, while states are required to provide Medicaid coverage for 60 days after birth, forty-eight states and the District of Columbia have opted to expand postpartum Medicaid coverage to 12 months.[34] When facing difficult cost cutting decisions, states may reduce postpartum Medicaid coverage or otherwise reduce benefits available to mothers. ***Cuts to Medicaid put families' health at risk. Medicaid coverage is an important step to address maternal and infant health and should be protected.***

Increased Economic Costs for States

While drastic cuts to Medicaid would cause substantial harm to people across the United States, it would also harm the economy. Loss of Medicaid funding will cause a ripple affect across state economies. It is estimated that states' gross domestic products (GDPs) would be about $95 billion smaller, and the total economic output lost would be even deeper ($157 billion).[35] The average state's reduction in its GDP for 2026 would be $1.9 billion.[35] An estimated 888,000 jobs could be lost in 2026.[35] More than half of this total would be health care related at hospitals, clinics, doctors' offices, pharmacies, and nursing homes. This means there would be fewer health professionals available to provide care for both public and privately insured individuals with rural hospitals, pharmacies, and nursing homes suffering the most losses. These job losses are not isolated to the health care sector as another 411,000 jobs would also be lost to other industries including retail, construction, and manufacturing. [35]

Hospitals in states that expanded their Medicaid programs experienced lower rates of uncompensated care for the uninsured. These costs were approximately 2.7% of operating costs compared to 7.3% for hospitals in non-expansion states.[36] States with expanded Medicaid programs spent less on their programs for people with mental health and substance use disorders as the funding was already available within the Medicaid program.[37] Additionally, state tax revenues would decrease by as much as $7 billion due to a reduction in individual and business income.[35] As state budgets must be balanced, non-health related priorities such as education and infrastructure would be impacted as well. States will need to make additional difficult decisions beyond cuts to Medicaid.

The Academy strongly urges you to avoid cuts to Medicaid and take action to protect this essential program. We stand ready to work with you to provide expertise and shape policy solutions that champion health and well-being ensuring healthy lives for all people. If you have any questions or need

additional information, please feel free to contact the Academy's Chief Policy Officer, Christine Murphy, at cmurphy@aannet.org.

Sincerely,

Linda D. Scott, PhD, RN, NEA-BC, FADLN, FNAP, FAAN
President, American Academy of Nursing

CC: Senate Committee on Finance
Senate Committee on the Budget
Senate Majority Leader John Thune
Senate Minority Leader Chuck Schumer

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