The Cost of Medicaid Cuts

Major job losses and reduced economic output are expected.

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As the federal government and states move to cut about $1 trillion from Medicaid over the next decade, researchers estimate that by 2034, hundreds of thousands of jobs and billions of dollars in state and local tax revenue will be lost.

The research, published in the peer-reviewed journal JAMA Health Forum, looked at the long-term economic effects of the Medicaid provisions in President Donald Trump’s signature tax and spending bill, which cuts the joint state-federal health insurance program for people with lower incomes or with disabilities and provides tax cuts that disproportionately benefit wealthier Americans.

By 2034, the researchers estimated the annual economic impact to reach 302,000 jobs lost and $135.3 billion in reduced economic output, leading to $11.1 billion in annual state and local tax revenue reductions.

Coverage losses could generate $7.6 billion in medical debt, triggering a further $3.8 billion reduction in economic activity, according to the study.

As the single largest source of health coverage in the nation covering 72 million people, or a fifth of the U.S. population, Medicaid is a key source of revenue to health care providers as well as a significant funding stream for health facilities. Hospitals are major employers and drivers of local economies.

In New York, for example, Democratic Governor Kathy Hochul’s office estimates that 65,000 jobs and $14.4 billion could be lost due to cuts to hospitals and community health centers and hospital-related economic activity.