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May 21, 2025

House Republican Bill Grows Even Harsher, Cutting Medicaid Funding to States That Cover Lawfully Residing Children and Pregnant Adults

By Gideon Lukens, Shelby Gonzales, and Elizabeth Zhang

The House Rules Committee recently proposed a modification to the Republican reconciliation legislation to cut federal funding for states that provide Medicaid or Children's Health Insurance Program (CHIP) coverage to lawfully residing children and pregnant adults. In the original provision passed by the committee with jurisdiction over Medicaid, the cuts applied to the District of Columbia (D.C.) and the 14 states that provide, solely with their own state funds, comprehensive health coverage to people without a documented immigration status.[1] Under the expanded policy, these cuts would also apply to states that provide comprehensive health coverage to people who do not meet the "qualified alien" immigration standard — a very narrow list of lawful immigration statuses — regardless of their source of funding. As a result, 33 states and D.C. would face a combined $131 billion in cuts to federal funding. These cuts would force states to make difficult decisions and put millions at risk of having their coverage taken away. (See table below for federal funding impacts on each of these states.)

Medicaid and CHIP have strict, long-standing eligibility requirements that prohibit anyone who is undocumented from enrolling in these programs. Many people with lawful immigration statuses are also barred from accessing coverage — including people with a lawful permanent resident status, or green card holders, who remain ineligible for their first five years in the U.S. with that status.[2] In recognition that children and pregnant adults can't wait five years for access to medical services, the CHIP Reauthorization Act of 2009 (CHIPRA) created state options to cover children or pregnant

[1] Gideon Lukens, Elizabeth Zhang, and Shelby Gonzales, "House Republican Bill Would Cut Medicaid Funding to States Providing Own Health Coverage to People Who Are Undocumented," CBPP, updated May 19, 2025, https://www.cbpp.org/research/health/house-republican-bill-would-cut-medicaid-funding-to-states-providing-own-health.

[2] Tobe eligible for Medicaid, people must have a "qualified" immigration status, and many people with qualified statuses must also have that status for five years before qualifying for Medicaid. Medicaidpays health providers for emergency services provided to people who meet all Medicaid eligibility requirements except for immigration-related requirements. This is not full Medicaid coverage; it only pays providers for emergency medical services. For more information about immigration-related eligibility requirements for Medicaid, seehttps://www.healthreformbeyondthebasics.org/key-facts-immigrant-eligibility-for-coverage-programs/.

adults (or both) who are lawfully residing in the U.S. Currently, 37 states and D.C. have adopted this coverage option for children, and 31 states and D.C. provide this coverage for pregnant adults.[3]

The modification would cut the federal matching rate from 90 to 80 percent for the Affordable Care Act (ACA) Medicaid expansion in states that cover undocumented immigrants *or* have taken up the lawfully residing options (or other comprehensive coverage programs).[4] This creates an unconscionable decision for states: end health coverage for lawfully residing immigrant children and pregnant adults, or face a huge penalty that would make coverage for ACA expansion adults (a completely different group) difficult or impossible to afford. In seven of the 33 states affected, "trigger" laws would automatically terminate Medicaid expansion if the expansion's federal matching rate decreased. In two other states, state law would require a review process that would potentially reduce or eliminate Medicaid expansion.[5]

This policy also encroaches on state sovereignty. States would likely be forced to end one of their coverage programs, for either the ACA expansion group or the CHIP lawfully residing groups, despite their lawmakers having adopted these options. This bill would also result in unequal treatment of states that have opted to cover either children or pregnant adults that are lawfully residing in the U.S. States that have not taken up the ACA Medicaid expansion, including Florida and Georgia, would not be penalized, while states that have expanded Medicaid, such as Pennsylvania and Virginia, would be penalized.

We estimate that the policy would cut $131 billion in federal funds to the affected 33 states and D.C. from 2028 to 2034, doubling the expansion group costs that each state would be required to pay to maintain their current programs.[6] This is far larger than the $76 billion cut that 14 states and D.C. would have faced under the original proposal. (See table and methodology below for estimates under both the modified and the original proposal.)

CBPP estimates measure reductions in federal funding that states would have to assume to maintain their current programs, including both their Medicaid expansion and lawfully residing groups. Unlike estimates from the Congressional Budget Office (CBO), CBPP estimates do not incorporate assumptions about how states might respond, such as by dropping coverage for lawfully present immigrant children and pregnant adults, dropping Medicaid expansion, or making other cuts

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[3] Among these states, only the 33 states and D.C. that have enacted ACA Medicaid expansion would be impacted because the proposal cuts funding by reducing the Medicaid expansion federal matching rate. Akash Pillai, Drishti Pillai, and Samantha Artiga, "State Health Coverage for Immigrants and Implications for Health Coverage and Care," KFF, May 1, 2024, https://www.kff.org/racial-equity-and-health-policy/issue-brief/state-health-coverage-for-immigrants-and-implications-for-health-coverage-and-care/.

[4] For example, Pennsylvania, New Mexico, and Hawai'i all provide state-funded health coverage to certain lawfully residing individuals. These states have also taken up the lawfully residing option for children and pregnant adults under CHIPRA.

[5] Adam Searing, "Cuts to Medicaid Expansion in the Proposed Budget Reconciliation Bill being Considered by Congress," Georgetown Center for Children and Families, May 13, 2025, https://ccf.georgetown.edu/2025/05/13/cuts-to-medicaid-expansion-in-the-proposed-budget-reconciliation-bill-being-considered-by-congress/.

[6] Under the new proposal, the state share of Medicaid expansion spending would increase from 10 to 20 percent, hence doubling state expansion group costs.

to enrollment, benefits, or provider payments. CBPP estimates also do not include interactions with other provisions in the House Energy and Commerce reconciliation bill.

Increase in State Portion of Medicaid Expansion Spending to Maintain Current State Policies, FY 2028-2034

	Modified provision: penalizing states with coverage options for lawfully residing groups ($ millions)	Original provision: penalizing states with state-only funded coverage to people who are undocumented ($ millions)	Increase relative to baseline Medicaid expansion spending (%)
Total	**130,775**	**76,072**	**100**
Arkansas*	2,432	-	100
California	27,450	27,450	100
Colorado	2,291	2,291	100
Connecticut	2,380	2,380	100
Delaware	636	-	100
District of Columbia	603	603	100
Hawai'i	781	-	100
Illinois*	5,108	5,108	100
Iowa**	1,342	-	100
Kentucky	4,103	-	100
Louisiana	4,307	-	100
Maine	630	630	100
Maryland	3,732	-	100
Massachusetts	3,034	3,034	100
Michigan	6,136	-	100
Minnesota	2,532	2,532	100
Montana*	986	-	100
Nebraska	711	-	100
Nevada	1,759	-	100
New Hampshire*	350	-	100
New Jersey	4,520	4,520	100
New Mexico**	2,017	-	100
New York	15,525	15,525	100
North Carolina*	6,039	-	100
North Dakota	346	-	100
Ohio	5,504	-	100

Increase in State Portion of Medicaid Expansion Spending to Maintain Current State Policies, FY 2028-2034

	Modified provision: penalizing states with coverage options for lawfully residing groups ($ millions)	Original provision: penalizing states with state-only funded coverage to people who are undocumented ($ millions)	Increase relative to baseline Medicaid expansion spending (%)
Oregon	4,090	4,090	100
Pennsylvania	6,451	-	100
Rhode Island	607	607	100
Utah*	924	924	100
Vermont	313	313	100
Virginia*	5,793	-	100
Washington	6,066	6,066	100
West Virginia	1,279	-	100

* States have "trigger" laws that would immediately terminate the ACA expansion if the expansion federal match rate decreased. These laws would force the state legislatures to decide whether to continue their current immigrant coverage programs that closely resemble Medicaid.

** States have "trigger" laws that would require a review process that would potentially result in Medicaid expansion being reduced or eliminated.

Source: CBPP estimates based on Centers for Medicare & Medicaid Services' MBES data, Medicaid and CHIP Payment and Access Commission analysis of T-MSIS data, state administrative enrollment data, and June 2024 Congressional Budget Office baseline projections

Methodology

We estimate enrollment and spending using MBES data collected by the Centers for Medicare & Medicaid Services (CMS) and CBO's June 2024 Medicaid baseline.[7] For states that adopted Medicaid expansion before 2019, enrollment and spending are projected from fiscal year 2019 to account for differences in pandemic-era enrollment trends; otherwise, we project enrollment and spending from fiscal year 2023. Estimates for North Carolina, which expanded Medicaid in 2023, were calculated using Medicaid and CHIP Payment and Access Commission analysis of T-MSIS data and state administrative enrollment data.[8]

[7] CMS, "Quarterly Medicaid Enrollment Data – New Adult Group, April-June 2024," December 2024, https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-chip-enrollment-data/medicaid-enrollment-data-collected-through-mbes. CBO, "Details About Baseline Projections for Selected Programs," June 2024, https://www.cbo.gov/data/baseline-projections-selected-programs#9. CBO'sJanuary 2025 baseline projects higher enrollment in Medicaid than its June 2024 baseline, but we use the June 2024 baseline because it is the most recent baseline with projections by Medicaid eligibility group.

[8] Medicaid and CHIP Payment and Access Commission (MACPAC), "MACStats," https://www.macpac.gov/macstats/; North Carolina Medicaid, Division of Health Benefits, "Medicaid Expansion Dashboard," accessed May 2025, https://medicaid.ncdhhs.gov/reports/medicaid-expansion-dashboard; South Dakota Department of Social Services, "DSS Statistical Information," accessed May 2025, https://dss.sd.gov/keyresources/statistics.aspx.

In line with the proposed policy, we estimate the federal funding cut to states and D.C. from 2028 to 2034 by comparing state spending under the 90 percent federal match rate and under the reduced 80 percent match rate.