

U.S. Senator Cantwell (D-WA)

Floor Speech on Medicaid Cuts

05/21/2025

[VIDEO]

Cantwell: I come to the floor to talk about the action that we're seeing in the House of Representatives today that will lead to action here in the Senate and asking our colleagues to reverse course on this reconciliation bill that I think is going to have unbelievable consequences to our economy.

Trillions in red ink that are alarming credit agencies and bond markets; spiking billions in energy project costs, and driving up prices; and burdening states with billions of dollars of new health care costs that they can't afford.

Instead, they should be focusing on protecting health care coverage, lowering costs for American families, and giving working families the breathing room they need to prosper.

Even now, five years later out of COVID, we can still see the effects of the pandemic. That time changed the way we live and took a toll on our economy. The U.S. economy lost 23 million jobs at the start of the pandemic, leading to a recession in early 2020, and thanks in no small part to well-designed, bipartisan fiscal policies by both Congress and the Biden Administration, the recession that started was the shortest in history, lasting only two months.

Coming out of it though, the combined effects and impacts of our supply chains [disruptions] and [demand for] durable goods caused inflation to spike to 9% by June of 2022. Again, well designed fiscal policies [and] the Fed helped get that inflation back down in just one year to 3% by June of 23' and continue to lower and hover just above 2%.

We need, though, to continue to make progress on inflation and costs. Costs that impact everything from clothes, cars, food, computers, you name it, and costs may be getting even more expensive because of the impacts of the tariffs, and they are making their way onto [goods hitting] our shelves.

The last thing American families need is to be saddled with even more financial strain, particularly as it relates to Medicaid and the policies in the reconciliation bill. More than 72 million Americans are enrolled in Medicaid, making it the single largest insurer in the United States.

It is critical that it remain a critical part of our health care system. Depending on the state, the federal government covers somewhere between 50 and 70% of the cost of insuring people with

Medicaid. While Medicaid is administered jointly by the federal government, in most states, about two thirds of the funding for the state-Medicaid program is federal support.

So, make no mistake about it, cutting Medicaid at the federal level is going to have a dramatic economic impact on states. It is the largest source of federal funding for states.

It is the largest component expenditure across all states -- more than K-12, more than higher education, more than transportation -- and somehow, in an economy with great inflation, you think the idea is to make it more expensive for Americans to get health insurance and cover their costs and impact the economy?

The bill that is now being cobbled together is a serious attack on Medicaid. As an assault, that will continue to have ripple impacts on the economy.

It undermines the Medicaid program, shifting the burdens to the state, and it makes the entire healthcare system more expensive for everyone.

Medicaid provides financial support to the healthcare sector, stimulates local economies -- spending that does have a multiplier effect. Every dollar spent generates more than \$1 worth of economic activity.

Medicaid drives employment in the health care sector, it generates state and local revenue, and it saves money for the enrollees to spend on more items -- not health care.

But reductions in the Medicaid funding, especially as large as \$715 billion will take a toll on states, on jobs, on revenue, and it will increase the financial burden on individuals and families.

So it is important to remember that direct recipients of Medicaid are not just individuals with coverage. They are a payment system. They are the [elements] of a health care system - hospitals, doctors offices, pharmacies, nursing homes.

And so when you cut that funding, you are cutting those businesses and those opportunities. The impact on the state economy would be greater than the loss of federal Medicaid funding because of the ripple effects of the costs across the state.

The Commonwealth Fund estimated that collectively, states' gross domestic product could be \$95 billion smaller than the total economic output lost, and that could be even deeper.

So imagine every state now having \$2 billion more [in] costs because of Medicaid. The additional loss in individual income would mean that state and local revenues would decline by \$7 billion. This would make it harder for states and localities to balance the burden of Medicaid.

And our constituents would also see more far reaching impacts as they struggle to provide health care. Today, 49 states plus the District of Columbia are all part of the system and [they are] counting on these providers and the funds.

But this bill even eliminates the ability for states to adjust the revenue in any way that would be helpful for them to deal with this crisis. So this is an extreme approach to cutting American citizens off of the health care.

But think a bit about it for a second on the work requirement -- also almost like a surveillance of US citizens, trying to make them prove that they're eligible. Let's be honest, the provisions are not designed to cut down on waste.

Rather, their primary objective is to prevent people from signing up for Medicaid coverage. In Arkansas's, case [the] work requirement led to disenrollment of 18,000 people in just four months. And in New Hampshire, the complexity and administrative burden of the work requirement caused 17,000 beneficiaries to receive coverage termination in just one month.

Today, Georgia is the only state that has a work requirement for Medicaid. And instead of expanding Medicaid through the Affordable Care Act, it allows individuals and households that have income [only] up to 100% of the federal poverty [level] to get coverage if they work for 80 hours a month.

The results are not good. A report found that Georgia's model cost taxpayers -- tax payers, not these individuals -- cost the taxpayers \$87 million and enrolled only 6000 people, about 75% fewer than had been projected. So I ask again, what policy is this that saves money?

It makes health care more expensive for the rest of us. Nobody defers their health care costs they're just going to show up at the emergency room. Just because we're cutting spending, it doesn't mean that the need magically disappears.

States will have to find their way to make up for these shortfalls. A Kaiser [Family Foundation] analysis found that the House reconciliation bill -- if it is enacted, the State of Washington would need to spend 30% more per Medicaid enrollee to make up the difference.

We don't have those resources. The same will be true of every state. For example, Louisiana would have to spend 50% more per Medicaid enrollee to make up the difference, translating into [an] 11% increase in the state taxes if they had to do that.

Now is not the time to force our states to jump off of a cliff just because we won't live up to our Medicaid obligation.

I know the President used the F word, but what is real here on the Senate floor -- I'm not going to say it -- but you are making a mess out of Medicaid, and we should stop them. I thank the President and I yield the floor.