Can House Republicans Cut $880 Billion Without Slashing Medicaid? It's Likely Impossible.

Republicans are looking for massive budget savings to meet their goal of fully extending President Donald Trump's 2017 tax cuts.

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The prospect of deep Medicaid cuts has become a flashpoint in Congress, with leaders of both parties accusing their counterparts of lying.

House Democratic leader Hakeem Jeffries said February 27 that a Republican budget measure would "set in motion the largest cut to Medicaid in American history," and that Republicans are hiding the consequences.

"The Republicans are lying to the American people about Medicaid," Jeffries said. "I can't say it any other way. Republicans are lying. Prove me wrong."

Republicans said Democrats were distorting the Republican budget. Rep. Steve Scalise (R-La.) said, "The word 'Medicaid' is not even in this bill." House Speaker Mike Johnson said on CNN that Republicans don't want to cut Medicaid, "and the Democrats have been lying about it."

Republicans are looking for massive budget savings to meet their goal of fully extending President Donald Trump's 2017 tax cuts. This is a separate process from Congress' need to pass a continuing resolution to keep the government running by March 14 or face a federal government shutdown.

Here's what we know so far about potential Medicaid cuts.

The House GOP Budget Plan Seeks $880 Billion in Cuts

Medicaid serves about 1 in 5 Americans. The health care program for low-income people is paid for by the federal government and partly by states. Louisiana, home to Johnson and Scalise, has one of the highest state proportions of Medicaid enrollees.

The House Republican budget plan adopted Feb. 25 opens the door to slashing Medicaid, even

though it doesn't name the program. The plan directs the House Energy and Commerce Committee to find ways to cut the deficit by at least $880 billion over the next decade.

The committee has jurisdiction over Medicaid, Medicare, and the Children's Health Insurance Program, in addition to much smaller programs. CHIP offers low-cost health coverage to children in families that earn too much money to qualify for Medicaid.

Republicans ruled out cuts to Medicare, the health insurance program for seniors that leaders cut at their political peril. Medicare is about 15% of the federal budget, and Medicaid is about 8.6%.

When Medicare is set aside, Medicaid accounts for 93% of the funding under the committee's jurisdiction, the nonpartisan Congressional Budget Office found in a March 5 analysis. That means it is impossible for the committee to find enough cuts that don't affect Medicaid.

"It's a fantasy to imply that federal Medicaid assistance won't be cut very deeply," said Allison Orris, an expert on Medicaid policy at the Center on Budget and Policy Priorities, a left-leaning think tank.

After Medicaid, the next-largest program under the committee's jurisdiction is CHIP. Lawmakers don't appear to be planning to wipe out CHIP, but even if they did, they would be only a "fraction of the way there," said Joan Alker, an expert on Medicaid and CHIP at Georgetown University.

If Medicare cuts are off the table, the only way to achieve $880 billion in savings is through big Medicaid cuts, said Larry Levitt, executive vice president for health policy at KFF, the health policy research, polling, and news organization that includes KFF Health News.

Andy Schneider, a professor at Georgetown University who served in the Obama administration as a senior adviser at the Centers for Medicare & Medicaid Services, said even if the committee eliminated all those "other" programs entirely it could achieve only $381 billion in savings — about 43% of the target.

"In short, if they don't want to cut Medicaid [or CHIP], and they don't want to cut Medicare, the goal of cutting $880 billion is impossible," Schneider said.

The $880 billion cut is not a done deal. House Republicans were able to pass their budget package, but Senate Republicans are taking a different approach, without proposing such significant cuts.

Any finalized budget blueprint would need Senate Republicans' buy-in. Sen. Josh Hawley (R-Mo.) is among Republicans who have spoken against potential cuts; he told HuffPost, "I would not do severe cuts to Medicaid."

The numbers are starting points that may lead to negotiation among at least Republicans, said Joseph Antos, a health care expert at the conservative American Enterprise Institute. "We are a long way from final legislation, so it's not possible to predict how much any program will be cut,"

he said.

“If the bill also includes extending the [Trump 2017] tax cuts, we are probably months away from seeing real language,” Antos said.

Once the House and Senate have reached an agreement on language and the resolution passes both chambers, the committees will work on detailed cuts. To enact such cuts, both chambers would need to approve a separate bill and receive Trump’s signature.

Why Eliminating Fraud Doesn’t Solve the Problem

Republican leaders have deflected concerns about Medicaid cuts by talking about a different target: Medicaid fraud.

“I’m not going to touch Social Security, Medicare, Medicaid. Now, we’re going to get fraud out of there,” Trump told Fox News’ Maria Bartiromo on March 9, in keeping with his campaign rhetoric that he would protect those programs.

At the same time, Trump on his Truth Social platform praised the House resolution that would make cuts highly likely: “The House Resolution implements my FULL America First Agenda, EVERYTHING, not just parts of it!”

Would eliminating fraud solve the Medicaid problem? No.

On CNN, Johnson said cutting fraud, waste, and abuse would result in “part of the savings to accomplish this mission.” He said the government loses $50 billion a year in Medicaid payments “just in fraud alone.”

Johnson conflated “fraud” with “improper payments.” The Government Accountability Office, the nonpartisan investigative arm that examines the use of public funds, found about $50 billion in improper payments in Medicaid and the same amount in Medicare in fiscal 2023.

Those improper payments were made in an incorrect amount (overpayment or underpayment), should not have been made at all, or had missing or insufficient documentation. But that doesn’t mean that there was $50 billion in Medicaid fraud, which would involve obtaining something through willful misrepresentation.

The system used to identify improper payments is not designed to measure fraud, so we don’t know what percentage of improper payments were losses due to fraud, said Schneider, the former Obama administration health adviser.

Plus, it’s a drop in the overall bucket of the potential $880 billion in cuts.

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