

# Trump's Funding 'Pause' Throws States, Health Industry Into Chaos

Federal funding freeze does not include Medicaid, but confusion remains about other health programs.

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States and the nation's health industry were thrown into disarray after the Trump administration ordered Monday [January 27] that the government freeze nearly all federal grants at 5 p.m. ET Tuesday, a sweeping directive that at least initially appeared to include funding for Medicaid, the state-federal health insurance program that covers more than 70 million Americans.

By midmorning Tuesday, state officials around the country reported they had been shut out of a critical online portal that allows states to access federal Medicaid funding.

Sen. Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee, said on the social media site Bluesky that the portals were [down in all 50 states](#) following the Trump administration's order.

"This is a blatant attempt to rip away health care from millions of Americans overnight and will get people killed," he wrote.

Around midday Tuesday, as state health officials pressed the federal government for clarity, the White House Office of Management and Budget — which issued the Monday memo — put out new guidance clarifying that "mandatory programs like Medicaid" were not included in the freeze.

Karoline Leavitt, the White House press secretary, declined to confirm that Medicaid was exempt when pressed by reporters during an early afternoon briefing.

But [she later said](#) in a post on the social platform X that "no payments have been affected" by what she described as a "portal outage."

The possibility that federal Medicaid funding would be shut off overnight spooked advocates already on edge about the program's future. President Donald Trump vowed on the campaign trail not to seek cuts for Medicare or Social Security, the nation's major entitlement programs serving mostly retired people. But he did not make the same promise about Medicaid, which pays for health care for primarily low-income and disabled people — approximately 1 in 5 Americans.

On Wednesday, after a federal judge [temporarily blocked](#) the administration from proceeding with the freeze, OMB withdrew its memo altogether. But Leavitt said [in another post on X](#) that a series of orders Trump has issued on federal funding “remain in full force and effect, and will be rigorously implemented.”

Kate McEvoy, executive director of the National Association of Medicaid Directors, said Wednesday morning that access to the Medicaid portals had been restored.

Separate from the freeze, congressional Republicans are discussing cutting the nearly \$900 billion program, arguing costs have ballooned with enrollment, notably including the program’s expansion to cover more low-income adults. Lawmakers are also eyeing ways to save money for Trump’s other legislative priorities — in particular, extending the tax cuts from his first term that expire at the end of this year.

The federal government pays most costs for Medicaid, which is operated by states. Medicaid pays for most long-term care for Americans and for about 40% of all U.S. births, and together with the related Children’s Health Insurance Program covers [about 38 million children](#).

Federal funding for Medicaid does not go directly to individual enrollees but to the states, which then distribute it to providers, health plans, and other entities that serve Medicaid enrollees.

State officials can access that funding through internet portals.

Joan Alker, who is executive director of the Center for Children and Families at the Georgetown McCourt School of Public Policy, [said on X](#) Tuesday that the portal lockout is “a major crisis.”

She pointed out that many states access their federal funding at the end of the month — “i.e. this week,” she wrote.

The original freeze order came in the form of [a vaguely worded two-page memo](#) from OMB to all federal agencies directing them to “temporarily pause all activities related to obligation or disbursement of all Federal financial assistance.”

“This temporary pause will provide the Administration time to review agency programs and determine the best uses of the funding for those programs consistent with the law and the President’s priorities,” the memo said. The only programs explicitly noted as exceptions were Medicare and Social Security, which left it unclear how states would continue to pay doctors, hospitals, nursing homes, and private health plans to manage Medicaid.

Around the nation, health officials scrambled to make sense of the order, which was scheduled to take effect at 5 p.m. ET Tuesday.

Even as OMB clarified that Medicaid was not included, the immediate impacts to other critical health programs were becoming clear, especially for community health centers and medical research centers.

Democrats in Congress expressed outrage at the Trump administration for pausing federal funding not only to Medicaid but also to numerous other programs, including the Supplemental Nutrition Assistance Program, also known as food stamps, the WIC nutrition program for pregnant and postpartum women and infants, and school meal programs for low-income students.

“The Trump Administration’s action last night to suspend all federal grants and loans will have a devastating impact on the health and well-being of millions of children, seniors on fixed incomes, and the most vulnerable people in our country,” Sen. Bernie Sanders (I-Vt.) said in a statement Tuesday. “It is a dangerous move towards authoritarianism and it is blatantly unconstitutional.”

The National Association of Medicaid Directors and the major nursing home associations were among those seeking clarification from the White House on Tuesday about the order’s impact on Medicaid funding.

Numerous state officials and groups said they were considering or had already filed litigation challenging the order. One lawsuit was filed Tuesday against OMB in federal court in Washington, D.C., by the National Council of Nonprofits and the American Public Health Association, seeking a temporary restraining order to “maintain the status quo until the Court has an opportunity to more fully consider the illegality of OMB’s actions.”

Attorneys general in California, New York, and four other states announced Tuesday afternoon a joint lawsuit against the Trump administration over the order, which they said had already frozen systems for Medicaid, Head Start, and even child support enforcement across multiple states.

“There is no question this policy is reckless, dangerous, illegal, and unconstitutional,” said New York Attorney General Letitia James. She added that she and other Democratic attorneys general would seek a temporary restraining order to halt the OMB policy from going into effect.

Leavitt defended the freeze during her White House briefing — the first of the new administration — saying it was critical to ensuring that federal funding was being used appropriately.

“This is a very responsible measure,” she said.

Reporting contributed by Bram Sable-Smith, Jordan Rau, Renuka Rayasam, Brett Kelman, and Christine Mai-Duc.

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