Progress Lost — The Unraveling of Medicaid and the Affordable Care Act

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The 2010 enactment of the Affordable Care Act (ACA) marked a milestone in U.S. health care policy. By expanding eligibility for Medicaid, regulating private insurance, and providing income-related subsidies to help people purchase coverage, the ACA greatly expanded access to health insurance. During the past 15 years, the size of the uninsured population in the United States fell to historic lows, and evidence accumulated that extending coverage saved many lives.[1]

Now, with passage of congressional Republicans' 2025 budget reconciliation act, which was supported by the Trump administration, another milestone has been reached. The new law represents the largest rollback of health insurance coverage in U.S. history. After a 15-year struggle to repeal Obamacare, the GOP has succeeded in enacting policies that could reverse many of the coverage gains made under the ACA. Rather than repeal the ACA or cap federal spending on Medicaid, the budget bill adopts measures that make it harder to qualify for and stay enrolled in Medicaid or in subsidized coverage through the ACA's health insurance marketplaces.

States will be required to impose work-reporting requirements on persons 19 to 64 years of age who enrolled in Medicaid under the ACA's Medicaid expansion (with exemptions for pregnant women, parents of children younger than 14 years of age, "medically frail" persons, and other groups).[2] Such requirements, which Arkansas implemented during the first Trump administration, have had little demonstrated effect on employment, while reducing enrollment because of the administrative burdens they impose on Medicaid beneficiaries who have to comply with reporting requirements.[3] Meanwhile, some categories of lawfully present immigrants — including asylees and refugees — will lose access to Medicaid and the Children's Health Insurance Program under the budget act.

For adults who enrolled in Medicaid under the expansion, states will have to conduct Medicaid eligibility redeterminations every 6 months rather than once a year and impose copayments (up to $35) for medical services, with exemptions for certain services such as primary care, mental health care, and treatment for substance use disorder.[2] Provider taxes, a critical mechanism for states to finance their Medicaid programs that are currently effectively capped at 6%, will be limited to 3.5% in states that have expanded Medicaid under the ACA; other provider tax restrictions apply to all states. These and other provisions are expected to reduce federal Medicaid spending by approximately $900 billion during the coming decade, savings that partially offset the costs of tax cuts contained in the reconciliation act.

States will simultaneously face cuts in federal funding for the Supplemental Nutrition Assistance Program. Many families could lose their food assistance, which will imperil the health benefits that such aid produces.

The budget bill also makes changes to the ACA insurance marketplaces, including adopting new verification requirements for enrollees, prohibiting automatic reenrollment, prohibiting low-income persons who sign up during certain special enrollment periods from accessing premium tax credits, and removing eligibility for subsidized coverage from some lawfully present immigrants, such as those with incomes under the federal poverty level, asylees, refugees, and Deferred Action for Childhood Arrivals recipients (so-called Dreamers).[2] The Congressional Budget Office projects that changes to Medicaid and the ACA in the law will increase the uninsured population by 10 million persons by 2034. Moreover, the budget act did not address the impending expiration of the enhanced premium tax credits for ACA marketplace plans adopted during the Biden administration. If Congress does not act by the end of 2025, premiums will rise substantially for marketplace enrollees, and several million additional persons are expected to become uninsured.

Consequently, while the ACA remains largely intact, much of the progress it made in expanding insurance coverage could be reversed in coming years. The new budget act's myriad provisions that make it harder for people to enroll in or afford insurance are a powerful reminder that the United States has never reached

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consensus that health care is a right. The stereotyping of some Medicaid enrollees as "29-year-old males sitting on their couch playing video games," as House Speaker Mike Johnson (R-LA) put it, reflects the long-standing view that there are deserving and undeserving people, and that the latter are unworthy of government assistance. The values of solidarity and community that underlie universal health systems in other countries are not embraced as strongly in the United States; it would be unthinkable in those countries to take health insurance away from millions of people.

In fact, the cuts in Medicaid coverage represent a major departure from U.S. health policy. For five decades, Medicaid followed an expansionary trajectory as it became the primary platform for covering the uninsured. Congress, often with bipartisan majorities, boosted eligibility for low-income pregnant women and children in the 1980s and 1990s; the ACA subsequently extended coverage to childless adults. However, the program's expansion, especially to able-bodied adults, sparked resistance from conservatives, who view Medicaid more as a welfare than health insurance program — which explains Republicans' embrace of policies that increase the barriers to becoming eligible for and maintaining enrollment.

The rollback of Medicaid and the ACA also reflects the pervasive effects of partisan polarization on health policymaking. A program as large and popular as the ACA, whose public support is currently greater than it has ever been, that has distributed as many benefits to as many people as it has, should be immune from dismantling. Indeed, the GOP did not pursue large-scale repeal legislation. But the fact that Republicans have adopted measures that will substantially weaken the ACA and reduce its coverage gains underscores the reality that Obamacare never developed a bipartisan constituency in Congress. A philosophical gulf persists in Washington between Democrats and Republicans on the appropriate role of government in health insurance. Not a single Democrat voted for the 2025 budget act, just as not one Republican voted for the 2010 ACA. When the polity is polarized, the political entrenchment of public policies is more fragile, which in turn makes health insurance programs more susceptible to change when the partisan balance of power shifts.

Some of the key provisions in the bill will not be implemented immediately, and states will vary in their responses, creating substantial uncertainty about its ultimate effects and the extent of coverage losses in the ACA and Medicaid. The secretary of health and human services may exempt states that show a good-faith effort at compliance from the Medicaid work requirements until December 31, 2028 (otherwise, they will go into effect on January 1, 2027). The limit on state provider taxes for funding Medicaid in expansion states does not begin until fiscal year 2028. Hospital systems and other medical providers are likely to lobby intensely to overturn that provision, given their potential revenue losses (a new $50 billion fund for rural health care will offset only a fraction of the bill's Medicaid cuts).

Though attention is currently focused on the budget act's effects on Medicaid, Congress must act soon to forestall $490 billion in automatic cuts in Medicare spending triggered by the law's increase in the federal deficit. The budget bill will also have important long-term consequences for the health care industry. As its tax cuts add substantially to the already large federal budget deficit in coming years, there will be growing calls in Congress to tame government spending. When that happens, Medicaid, Medicare, and the ACA will be prominent targets for savings.

In the meantime, American health care will become less affordable, less accessible, and more inequitable. The only rich democratic country in the world with a large uninsured population is now pursing policies that will reduce insurance coverage. If budgets reflect a nation's social priorities and moral commitments, the 2025 reconciliation act offers a disquieting view of the current state of U.S. public policy.

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