

Steve Bannon, US Hospitals Join GOP Rebellion Over Medicaid Cuts

By Billy House | February 16, 2025 8:00AM ET

- Medicaid fight threatens passage of Trump's legislative agenda
- Trump tax cuts, spending priorities could hang in the balance

A quiet rebellion among Republicans representing working-class and low-income areas against President Donald Trump's legislative agenda has picked up some powerful new allies: US hospitals and conservative agitator Steve Bannon.

The party's leaders have worked to placate budget hawks and Republicans in high-tax and high-income areas who have dominated the GOP debate over the extension of Trump's 2017 tax cuts and the corresponding cost-cutting crusade led by billionaire Elon Musk, Trump's most prominent adviser.

Now the party's biggest target — the Medicaid health-care system that insures 72 million low income and disabled people — threatens Trump's agenda in a House where only a few Republican defectors could sink it.



Photographer: Andrew Harrer/Bloomberg

A demonstrator holds a sign protesting proposed Medicaid cuts near the US Capitol in 2017.

On Thursday, Bannon, a former Trump adviser who has emerged as Musk's loudest conservative critic, warned Republicans against taking a "meat ax" to the program to pay for Trump's priorities.

"Medicaid, you gotta be careful," Bannon said on his Thursday podcast. "Because a lot of MAGAs are on Medicaid, I'm telling you. If you don't think so, you are dead wrong."

But the House Republicans' budget blueprint unveiled this week would indeed slash Medicaid, directing the committee that oversees the program to find at least \$880 billion worth of spending cuts over the next decade.

Those cuts — if all directed at Medicaid — would account for about 10% of annual funding for it and threaten to affect state budgets, hospital finances and individual benefits.

For his part, Trump has promised the government health-insurance program won't be cut.

"We're not going to do anything with that, unless we find some abuse or waste," Trump said in January. "The people won't be affected. It will only be more effective and better."

The [American Hospital Association](#), whose political action committee spent some \$1.8 million in the 2024 election cycle, on Friday implored Congress to reject those cuts.

"Medicaid provides health care to many of our most vulnerable populations, including pregnant women, children, the elderly, disabled and many of our working class," the organization, which represents nearly 5,000 hospitals and healthcare systems, said in a statement.

In total, Republicans are seeking at least \$2 trillion in spending cuts in their budget plan, and social safety-net programs would bear the brunt. The Agriculture Committee, which oversees food aid programs, would cut \$230 million, and the Education Committee would slash spending by some \$330 million.

Private Plea

Republican Representative [Brian Fitzpatrick](#) pleaded with his colleagues recently to protect their working-class and low-income constituents as Musk scoured the federal budget for savings.

The Pennsylvania lawmaker, who represents economically diverse Bucks County, is one of about a dozen House Republicans urging the party to protect Medicaid, food aid and other social safety-net programs.



Photographer: Tierney L. Cross/Bloomberg

Representative Brian Fitzpatrick

“It’s laudable to want to cut out fraud, waste and abuse, to cut out fat, eliminate inefficiencies and redundancies in the system,” Fitzpatrick recalled telling his colleagues behind closed doors. “But we still need to make sure that we maintain a social safety net for the people that need it. That’s becoming of American values.”

About 14.5% of Fitzpatrick’s constituents are on Medicaid, significantly lower than the 23.6% US average, according to a [database](#) by the New York University Grossman School of Medicine’s Department of Population Health. But the politically competitive district includes economically distressed pockets, and health care is among its largest employers.

Further north in the state, representing an area that includes the shuttered coal mines around Hazelton and old industrial towns of Scranton and Wilkes-Barre, Republican Representative Rob Bresnahan broadly warned against cuts to social programs. Roughly 27.4% of his constituents are on Medicaid, about 4 points above the national average.

“If a bill is put in front of me that guts the benefits my neighbors rely on, I will not vote for it,” Bresnahan [said Friday](#) on X.

Other Republicans are quietly making similar arguments directly to House Speaker [Mike Johnson](#) of Louisiana. Their concerns echo Bannon's: The party risks abandoning the same base of voters that elected Trump and won them a majority in both chambers of Congress.

Indeed, in Johnson's own solidly Republican district surrounding Shreveport, more than 37% of the population is on Medicaid.



Photographer: Valerie Plesch/Bloomberg

Representative Nicole Malliotakis

Representative [Nicole Malliotakis](#), who represents New York's Staten Island and parts of Brooklyn, said she hopes Republican leaders weigh the effects of any cuts to Medicaid.

She's particularly concerned about potential changes to the Federal Medical Assistance Percentage, the rate at which the federal government pays states for Medicaid, based on per-capita income. Tweaking those calculations could disproportionately affect New York. Nearly 33% of her constituents are Medicaid recipients.

Republicans must be careful not to "go with a sledgehammer and gut a program that is very important to people I represent, and people across the country," she said.

Fraud and Abuse

Johnson supports setting work requirements for Medicaid, which the Congressional Budget Office estimates would save \$109 billion over 10 years. But that gives Republicans only about an eighth of the savings they need.

Johnson and others have also painted Medicaid as a program rife with waste, fraud and abuse. They have not provided specific examples and it's unlikely there's enough wrongful or wasteful spending to hit the threshold for cuts without eliminating services.

William Hoagland, senior vice president of the Bipartisan Policy Center, said the cost-cutting targets would almost certainly require significantly scaling back Medicaid coverage, as well as other bedrock programs such as food assistance for low-income Americans.

There is no disagreement from Malliotakis that that some savings can be found in attacking fraud, waste and abuse.

"I just need to get more clarity" of what will be cut, she said.