

Barclays Sees Medicaid Reductions Hurting 15 States the Most

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President Donald Trump's budget bill that could deeply cut the nation's largest public health-insurance program stands to hurt some states more than others, according to Barclays Plc.

Louisiana, Nevada and California stand to be the most negatively impacted if Medicaid is reduced, based on funding losses as a percentage of yearly revenue loss and the number of Americans with chronic health conditions living there, municipal strategists Mikhail Foux, Francisco San Emeterio and Grace Cen said in a Thursday note.

Among the top 15 states most affected by Medicaid cuts are Arizona, Kentucky, Colorado and New York, they said.

If Medicaid is cut, states across the US could lose roughly \$1 trillion in funding, resulting in 11.8 million Americans losing their health-care coverage. Medicaid is typically the largest share of a state's total budget so states will be pressured to find alternative sources of revenue or dip into their general funds to cover payments.

"States will have difficult decisions to make regarding both how much of the direct costs they will want to backfill and how much of the indirect costs they will potentially want to backstop," the strategists wrote.

Medicaid covers 19% of hospitals' spending, according to the Centers for Medicare & Medicaid Services.

In Georgia, Grady Memorial Hospital has used state directed payments to expand home visits, increase cancer screenings and open new outpatient clinics. The cuts would likely halt those advancements, according to Barclays. Arizona's Phoenix Children's Hospital, which gets the majority of its revenue from Medicaid, could lose up to 85% of its current SDP funding.

The possible funding cuts come as hospitals and health-care systems are slowly bouncing back from the pandemic, which spurred staffing shortages and inflation.

"This Medicaid funding shortfall may force struggling hospitals to make difficult decisions, including scaling back critical services such as obstetrics and behavioral health — both of which are heavily reliant on Medicaid and are already in shortage, especially in rural communities," they wrote.