

# How Republicans sidelined the health care industry and pushed through historic Medicaid cuts

The law's passage is a blow to health lobbyists' Washington playbooks

By Daniel Payne – STAT News

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WASHINGTON — Republicans swiftly approved President Trump's tax cut bill last week, despite a full-court press from doctors, hospitals, and patients to beat back some of the largest health care cuts in American history — more than \$1 trillion in all over the next decade.

Lobbyists' failure to stop or even substantially modify the bill leaves concerning questions for American health care: Has the influence of the health care industry, once among the most powerful, faded in Washington? And do doctors and hospitals — sometimes proxies for patient voices in government — understand how to navigate Trump's remade Washington?

In interviews with more than 20 Congressional staffers, lobbyists, health executives, and lawmakers through the critical days of Trump's Big Beautiful Bill, a picture of the new dynamic has emerged, in which the health industry's sway in Washington has substantially weakened — and in which proxies for patient voices are pushed aside.

“Ten to 15 years ago, there were a number of health industries that were untouchable,” said one lobbyist, who was, like many people interviewed for this story, granted anonymity to discuss private deliberations.

“There's no such thing as too powerful to be cut in Washington anymore.”

The new law suggests the power the industry has long enjoyed in Washington — fueling decades of growing federal funding into health care — met its match in Trump, who was able to prod uncertain lawmakers into passing the bill by an arbitrary July 4 deadline.

The looming loss in revenues from Medicaid alone will send providers scrambling, they told lawmakers, considering which services to cut back or facilities to shutter. The American Hospital Association said Congress' passage of the bill was a "very difficult day for health care in America."

Even some leaders in the Make America Healthy Again Movement expressed concern, sending a letter to administration officials warning that the cuts would "be catastrophic to the espoused tenets and common-sense bipartisan policies that 'Make America Healthy Again.'"

The law's July 4 signing begins a new era for state Medicaid programs, which will be forced to contend with the new rules and less cash. The bill is projected to leave about 12 million more people without health insurance.

Something else was different in this push, too, several people in the negotiations said: Right-leaning health policy shops, including Paragon Health Institute, were particularly effective in making the case for changes to Medicaid, arguing the system was being abused by states and providers. In their telling, Congress succeeded in loosening a powerful lobby's grip on the federal purse.

The law, the biggest change in American health policy in more than a decade, now tees up a series of new fights to delay cuts and boost other funding streams — a fight with higher stakes than ever, and one that doctors, hospitals, and health insurers enter without a clear, winning strategy.

## Medicaid in the crosshairs

When the House revealed its original version of Trump's One Big Beautiful Bill, health groups were outraged, calling the cuts "catastrophic" and saying they would cause a "cycle of violence" throughout the system.

But it wouldn't be long before some of them were throwing their weight behind it.

The House plan put Medicaid in its crosshairs. The initial proposal would have cut more than \$700 billion in health spending, and the final

House version pushed that figure above \$1 trillion, set to cost some 11 million people their health insurance.

Some lobbyists, late in the legislative process, suggested this was the moment the uphill battle began: Because the cuts targeted the most vulnerable, they said, the lobbying efforts were not as unified or powerful as they would have been in opposition to provisions that cut Medicare or a specific health sector.

“There’s a reason you can’t touch Medicare but you can annihilate Medicaid,” one lobbyist said. “It’s easier to cut because you don’t have a gargantuan lobby behind it.”

But Brian Blase, president of the Paragon Health Institute, was making persuasive arguments to key lawmakers: that hospitals’ portrayal of the cuts was far from reality.

“The big story here is that this is reversing the explosion of spending during the Biden administration,” he told STAT, as Congress was nearing final passage of the bill. “We’ve argued that a lot of it is wasteful.”

Blase’s emphasis that the reductions in spending were course corrections, not major cuts — and his argument that Democrats previously supported similar policies — made it easier to sway moderate Republicans.

At the same time, providers, many of whom get paid through Medicaid for treating low-income patients, went to work. Hospital executives flew in to meet with their representatives, and their hired lobbyists pressed staffers to consider alternatives. Some hospital executives even brought up the potential harms in previously scheduled meetings with health secretary Robert F. Kennedy Jr.

Health groups, though, didn’t feel that their messages were as compelling to Republicans.

Two representatives for provider groups said they were often met with blank stares and stone faces in meetings with lawmakers and staffers, and subsequent meetings were sometimes moved to include more junior staff.

A lobbyist for hospitals said the sector was scrambling to try new messages and approaches to break through, including involving state leaders, local Republicans, public ads, op-eds, and more.

“It was kind of ‘throw spaghetti at the wall and see what sticks,’” they said. “And nothing did.”

At the same time, some health groups were doing double duty: arguing against the cuts while also trying to ensure they got other financial benefits included in the bill.

Some doctors’ groups, for example, let their opposition to Medicaid cuts take a back seat to their push for higher payments from Medicare, three physician lobbyists said.

House members created a proposal to boost doctors’ pay for years to come. But the Senate would soon scrap it, though doctors did get a one-year Medicare pay boost in the end.

And hospital groups that had decried the House plan would soon be asking the Senate to return to it, desperate for a way out of a plan that turned out to be even more severe.

## **The Senate’s new proposal**

Hospital and physician groups were shocked by what they were hearing in the days leading up to the release of the Senate bill. Rumors suggested cuts even deeper than the House proposal.

The Senate usually moderates legislation coming from the House, or so the conventional wisdom goes in Washington.

Plus, Sens. Josh Hawley (R-Mo.), Susan Collins (R-Maine), Lisa Murkowski (R-Alaska), Thom Tillis (R-N.C.), and others had been speaking out about the dangers of cutting Medicaid, fueling the belief they would pull back from the House version. If all four of them opposed the bill, it couldn’t pass.

“Everyone was very taken aback when the Senate put out a more aggressive version of the bill,” the lobbyist said.

Provider groups, again, began making the rounds, meeting with senators to urge them to return to the House version of the bill. Some believed the Senate's larger cuts were a play to get hospitals' public approval of the House version, limiting the backlash through final passage.

But hospital leaders felt their messages in the Senate were, again, "falling on deaf ears," one lobbyist for them said. Even lawmakers who had promised to fight for the groups weren't having an impact, it seemed.

"You're not going to stop the train," an executive for another provider group realized. The large cuts were going to be central to the bill.

"They have blinders," said Sen. John Kennedy (R-La.), who, after meeting with hospitals, said they didn't understand the bill. "They would just like us to take all of our budget and give it to them."

There were small wins along the way for providers. A proposal to further cut Medicaid funding by rolling back the amount the federal government pays for beneficiaries who are covered under the ACA's expansion, for example, was pushed aside.

Still, the scale of the impact was becoming clear.

Provider groups began looking for ways to lessen the damage. Among them: fighting for a rural hospital fund, which was later expanded to include community health centers and other groups — and grew from a proposed \$15 billion to \$50 billion over five years in the final form.

But that was "pennies on the dollar" of what was being cut, a provider representative said, echoing hospital and health center leaders.

Even some Republicans privately recognized that fact. "The hospital fund is not enough to save your hospitals," one House staffer told STAT.

Some lobbyists said hospitals had for too long warned that any cuts might lead to closures, undermining their credibility just when they needed it most.

“I do think there is a little crying wolf,” one of the lobbyists said. “You can’t always say that.”

Data-driven arguments weren’t faring much better. Behind closed doors, GOP lawmakers and their staff were insistent that estimates from the nonpartisan Congressional Budget Office couldn’t be trusted. They seemed willing to rein in provider taxes and cut state-directed payments — measures that cut hospital funding — as part of a push to target waste, fraud, and abuse.

Senators’ conversations with House counterparts, who were asking for a return to their version of the bill, weren’t going better. Key health staffers in the House were getting no signals from the Senate that there was any ability to dial the newest version back before returning it to the House.

As the Senate held a marathon session of voting and debate on the bill, providers’ last hopes of a turnaround fell apart.

Some of the lawmakers who had privately suggested they would stand up against the bill appeared to be folding. And amendments expected to lessen the blow of the cuts — including a separate fund for community health centers — were never filed, according to two people familiar with them.

Hours into the Senate’s vote-a-rama, as amendment votes were being cast, hospitals sent statements warning Republicans that they were breaking a promise not to cut Medicaid, calling out lawmakers by name.

But even some of the most fervent Republican allies would ultimately support the bill. Hawley, who had penned an opinion article in May opposing Medicaid cuts, voted for the bill, shook the hand of Majority Leader John Thune (R-S.D.), and left the chamber.

Murkowski, who had similarly criticized Medicaid cuts, went on to vote for the bill. After her vote, she criticized it again, and asked the House to revise it before passage.

By this time, the strategy of some health system lobbyists had shifted to damage control: “Our goal of this whole bill: Hold the line. Don’t make

this worse — it's already bad as it is," one lobbyist for a health system said.

And after the Senate cleared the bill largely unchanged, that lobbyist brought the same strategy to the House.

"We are really hoping the House is the saving grace here," the lobbyist said in an email after the Senate vote.

But Trump's July 4 deadline for Congress to have the bill on his desk was just days away, and he was preparing to turn up the heat on lawmakers.

## **All eyes on the House**

Providers initially found reason for hope in the House, where Republicans were frustrated about the changes the Senate made to their bill.

Several House members believed the Senate version of the bill — which cut more severely but added the hospital fund to make up for it — was "bad policy" that "doesn't make sense," one House staffer said.

Sixteen House lawmakers sent a letter to their Senate counterparts urging changes before passage, saying the Senate's bill "undermines the balanced approach" of the Medicaid reforms in the House's version. If just a handful of them opposed the bill, it wouldn't pass.

Trump and Mehmet Oz, the administrator of the Centers for Medicare and Medicaid Services, who had been seen as a friendly face for the health industry in the administration, met with key House lawmakers.

Rep. Dusty Johnson (R-S.D.), who went to the White House for a meeting, told reporters a "deeper explanation" about the rural health fund — including the fact it would not just be used for rural areas — was important for several lawmakers to vote for the bill.

Trump and Oz offered a vision for how the funds would be distributed, which included the possibility of benefiting urban and suburban areas, too — though no promises were made to lawmakers about money for their districts, he said.



Meanwhile, lawmakers were trying to calm provider groups, promising to continue working to mitigate the cuts they were about to pass, especially in upcoming bipartisan packages.

Providers tried not to roll their eyes at the comments, one lobbyist said, given key health legislation has been delayed multiple times in the last 12 months — usually with a promise to address the left-behind provisions soon.

Still, they will look to collect on the promises in the coming months and years, responding to the new fiscal cliffs created by this legislation.

Some House holdouts continued to withhold their votes for the bill, setting off another all-night session for the bill. Just before 4 a.m. on July 3, while the House was working on a procedural vote, providers made some of their final pleas.

“As far as we are concerned, the bill being weighed in the House right now is a stark pivot away from protecting children’s health and well-being,” said Matthew Cook, president and CEO of the Children’s Hospital Association.

In the end, Republicans passed the Senate’s version of the bill without changes, 218-214.

Many of the members who suggested they wouldn’t pass the Senate’s bill — including Rep. David Valadao (R-Calif.), seen as the leader of a group of House Republicans who wanted to protect Medicaid — ultimately supported the bill.

Valadao conceded that the bill was difficult to support but argued he had kept the impacts to Medicaid to a minimum.

“No piece of legislation is perfect,” Valadao said in a statement after the vote, “but this bill ultimately reflects the priorities of CA-22—lower taxes, stronger farms, better infrastructure, and a commitment to protecting access to healthcare.”

Now, all parties involved are looking to the 2026 midterm elections and beyond, anxiously wondering how the cuts will be most felt — and



whether the people who authored and approved them will be allowed to continue legislating.

“I think they’re going to have a rude awakening at the midterms,” one provider lobbyist said.

But others aren’t so sure.

Trump’s embrace of the bill won out over opponents. Any idea that his MAGA movement’s populism would protect Medicaid has evaporated.

That’s left the health care industry facing a movement even less friendly than they had imagined: a populism that is skeptical of health institutions but not committed to preserving the government programs benefiting the masses (and the businesses they rely on for care).

Trump’s power — and the MAGA movement that fueled his rise — has transformed Washington, health care, and their relationship with one another. The health sector has yet to find a working playbook for the new Washington.

“The political calculus for a lot of members has changed,” one executive said, emphasizing their path forward would need to change along with it. “I guess we’ll see what happens in ’26.”