Hospitals are plotting a long-shot push to roll back $1 trillion in Medicaid cuts

Health systems used to draw bipartisan support, but their power may be fading across the political spectrum

By Daniel Payne
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Payne spoke with dozens of hospital executives, lobbyists, politicians, and political staffers for this story. It's the second article in STAT's Unraveled series, which examines the consequences of President Trump's unprecedented cuts to the health care safety net.

WASHINGTON — Hospital leaders, stung by the passage of a law that will cut nearly $1 trillion in Medicaid funding over the next decade, have been racing to remake their systems.
And in Washington, some are building a long-shot plan to turn back the clock.

Hospital lobbyists and leaders have begun laying the groundwork to delay, roll back, or mitigate the unwelcome health care spending cuts used to help fund President Trump's tax cut bill, according to four people familiar with the efforts.

"They see an opening," said one lobbyist hired by hospital systems of their clients. "I don't know if I do."

It's a difficult target, with a potentially lengthy timeline. The cuts were passed as part of President Trump's signature tax cut law, and even potential Democratic majorities would have to win the president's

approval to change them. It would also mean coming up with substantial money to pay for the changes — and possibly finding a handful of Republican lawmakers who are willing to undo one of their landmark legislative achievements.

But health system leaders think they can harness the growing political power around the cuts — on full display as the midterms near, with Democrats believing they're odious enough to voters to help swing an election.

They also see a long-term goal worth waiting for: even if it means pushing for small changes — carveouts, delays, rule changes, or a host of other tweaks to make the current policy more palatable — while building support among Democrats for boosted funding should they win the White House and Congress in 2028.

The efforts, according to the people involved in them, have remained vague so far, and are focused on driving home how much the cuts will hurt health systems. Executives and lobbyists hope that message will create the opportunity for carveouts to the cuts, favorable tweaks to the legislation, or boosted payments from other parts of the federal health care enterprise.

Some lawmakers are listening.
Democrats have begun discussing how they would roll back cuts should they retake the Senate in November, Sen. Tim Kaine (D-Va.) told STAT. The top Democrat on the Senate Finance Committee, Sen. Ron Wyden (Ore.), included the rollback of GOP cuts and boosting coverage across the population among the priorities in a document seeking ideas for his party's health care agenda.

One hospital-friendly Democratic leader — Senate Minority Leader Chuck Schumer (N.Y.) — pledged to give hospitals "a seat at the table" should they (and he) return to power.

"Exactly what we would do, what we would choose to roll back, and to what degree — we're starting those conversations, but we don't have any decisions made," Kaine said in July. "I do know that there are some Republicans interested."

Sen. Josh Hawley (R-Mo.) is among the Republicans interested despite having voted for the bill that created the cuts. Sens. Lisa Murkowski (Alaska), Susan Collins (Maine), and Jerry Moran (Kan.) each have a history of voicing concerns about the Medicaid cuts that were included in the law. Hawley introduced legislation last year that would repeal some of the reductions to state Medicaid funding and double the funding and timeline for the Rural Health Transformation Fund.

"I'm hoping that I'll be able to convince my colleagues a little closer to the implementation date: 'Listen, we shouldn't do this,'" he told STAT. "In fact, we should be funding rural hospitals directly, and we shouldn't be messing around with these programs."

The high-stakes battle over the future of Medicaid and insurance subsidies will not only determine the financial sustainability of health providers — it could also determine the political viability of some candidates and health providers' business-as-usual approaches to Washington.

The push comes as many health systems nationwide are remaking how they deliver — and pay for — care: considering major mergers, new revenue sources, artificial intelligence implementation, or cuts to services or facilities.

Hawley thinks he can convince colleagues to change parts of the bill they championed, and he said he and his colleagues particularly focused on rural hospitals have been successful before: delaying implementation deadlines for the cuts and creating the rural health funding in the law. A few providers told STAT they have faith a rollback is on the way, holding out on overhauling their systems while anticipating a fix. Others aren't so sure.

"I've certainly heard bipartisan talk about: 'We've got to do something,'" said James Jarvis, president of the Maine Medical Association. "Unfortunately, I think it's going to take a catastrophe."

Political power

The political salience of the cuts to health care is undeniable.

In May 2025, a Democratic Congressional Campaign Committee memo declared the issue would be "the defining contrast of the 2026 election cycle."

Democrats tested integrating the cuts into their affordability messaging in off-cycle races that year, pointing out the looming pain of rising insurance costs and coverage losses because of Medicaid rollbacks. Success in those campaigns is likely to encourage that approach across the midterm campaigns this fall.

So far this cycle, Democrats have spent nearly $15 million on political advertising specifically mentioning health care cuts, according to an analysis from Punchbowl News and AdImpact.

Meanwhile, Republicans have largely tried to shift attention elsewhere, recognizing that even a boost from lowering tax bills may not outweigh the unpopularity of the cuts.

Lawmakers and their staffs — many of them aware of that pressure — have been hearing from hospital leaders constantly about their fears about the implementation of the cuts.

"All of the political capital that I and my colleagues extend every day with our members of Congress will be wholly and fully focused on delaying that and mitigating that," said Lisa Harvey-McPherson, vice president of government relations at Northern Light Health in Maine.

Those kinds of calls ordinarily would have real sway: Hospitals are often major employers in a district, and voters have traditionally been thought to like their hospitals more than other parts of the health system, from insurers to pharmaceutical companies.

But that power has greatly deteriorated. Before the Medicaid cuts passed, a huge lobbying campaign to spare hospitals didn't stop the law — and the cuts in some ways became more severe as lobbyists pressed lawmakers to reel them back. A year after the stinging loss, some hospital leaders still feel uncertain about how to break through in the current environment, several people involved in their lobbying efforts said.

Even some moderate Republicans who were skeptical of the original bill — who could also have a political reason to support rollbacks — don't see a clear way to undo the cuts.

"We're not going to come out and say that H.R. 1 is going to hurt this hospital or this hospital," said one GOP staffer, noting that reluctance to flip on a politically difficult decision will make efforts to change the provisions much harder: "It's not going to turn into anything most likely."

Some provider groups have worked to focus on other payment matters to potentially make up the difference: turning to protecting 340B, for instance, or pushing policies that could boost base reimbursement rates. But on some of those issues, providers are also on defense. Lawmakers have increasingly called for reforms to 340B, saying hospitals use it to pad their bottom line instead of helping low-income patients, the original reason for the program.

And Paragon Health Institute, which was powerfully influential in convincing lawmakers to tighten Medicaid and Affordable Care Act spending, put out a paper earlier this year arguing for further reforms across government programs that pay providers.

Hospital leaders say the new battle is derailing priorities that were already, at times, uphill battles: increasing government payments, rethinking reimbursement incentives, and cutting red tape.

"The sad part about that is all of the things that we need to do in Congress," Harvey-McPherson said, "will be dwarfed by the amount of political energy and political capital that's going to be put into delaying the worst part of this."

Trust issues

But hospitals are facing another problem — they may be losing support across the political spectrum.

At a political rally in June for populist leaders in Maine, frustration toward the "billionaire class" and foreign war funding was briefly redirected toward big hospital systems and health industry insiders.

The rally speakers, seen by some as a barometer for where the Democratic Party is likely heading, included a nurse's union leader and voiced anger toward the backroom deals between industry leaders and politicians.

Even allies, such as Hawley, are warming up to ways to crack down on what they see as abuse in the system. At the same time he was arguing for more government support for rural systems, Hawley said he wants to see big provider systems broken up.

Congressional staffers working on health legislation have also grown skeptical of the sector giants, according to three aides, on both sides of the aisle.

The health policy director for Sen. Roger Marshall (R-Kan.) has faced hospital executives frustrated that they're increasingly being put in "the hot seat" over rising health care costs.

"The hospital side is impossible to ignore," Max Seltzer, whose boss could be in line to lead the Senate's health panel next year, said at a FamiliesUSA event in July. "I can go look at your 990 form and see that your CEO got paid $6 million — not a lot of sympathy."

Seltzer pointed to hospitals accounting for the largest portion of health care spending to make the point that policymakers have to act.

The staffers drew a distinction between small, rural hospitals and large health systems: Cuts to the former could sink them, while allowing the latter to go on uninhibited could put patients and payers underwater. That distinction may be difficult to make in legislation. But it — and decisions about whether or not to rollback cuts — will be hugely consequential.

It doesn't matter if you're a red governor or a blue governor," Harvey-McPherson said. "The amount of money that will be lost to you is crippling."

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