



THE UNITED STATES
CONFERENCE OF MAYORS



The Council
of State
Governments



February 19, 2025

The Honorable John Thune
Majority Leader
United States Senate

The Honorable Mike Johnson
Speaker
United States House of Representatives

The Honorable Chuck Schumer
Minority Leader
United States Senate

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives

RE: Proposed Changes to Medicaid Financing and Requirements

Dear Majority Leader Thune, Speaker Johnson, Minority Leader Schumer, and Minority Leader Jeffries,

As a coalition of bipartisan membership organizations representing state legislatures, mayors, cities, and counties, we are committed to working collaboratively to strengthen the Medicaid program so that states and localities can continue to meet the needs of their residents effectively. We write to express concern over proposed changes to Medicaid financing and requirements that could significantly impact state and local budgets, healthcare infrastructure, and millions of Americans who rely on the program. Medicaid is a federal-state-local partnership that provides health coverage to approximately 79 million Americans, including children, seniors, people with disabilities, and low-income adults. It covers 38 million children, funds 40% of all births, supports rural hospitals, and is the largest payer of long-term care and behavioral health services. Expansion has provided additional federal funding to 41 states, increasing access to care, particularly for those with substance use disorders.

Policy changes that mandate specific eligibility requirements and alter the fiscal makeup of the program threaten Medicaid's effectiveness and reduce state flexibility in program design. Such changes have costly implications, leading to significant coverage losses for beneficiaries and increased medical debt, with unclear long-term savings. For example, reducing the 90% federal match rate for Medicaid expansion could cut federal spending by \$561 billion over nine years, forcing states to either drop expansion or absorb higher costs—jeopardizing coverage for millions and harming state economies. Likewise, proposals such as per capita caps or block grants that do not account for increases in health costs or fluctuations in enrollment would shift financial risks to states and counties. The Congressional Budget Office estimates that half of those losing Medicaid coverage under such changes would become uninsured, leading to higher medical debt, uncompensated care costs, and potential hospital closures, particularly in rural areas.

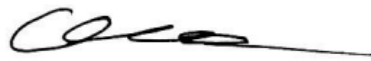
Medicaid accounts for over half of all federal funds to states and is the largest source of federal funding for state budgets, making it essential to states' ability to design and administer healthcare programs that meet the unique needs of their populations. Preserving state flexibility and preventing significant funding cuts are both critical to ensuring Medicaid can be tailored to local priorities, as such cuts would severely limit this ability, forcing states to reduce services, restrict eligibility, or shift costs to local governments. These reductions would jeopardize access to affordable healthcare and long-term services and place an unsustainable financial burden on states and counties, which often serve as payers of last resort.

We look forward to continuing our work together as intergovernmental partners to enhance the Medicaid program and ensure that states and localities can effectively serve their residents.

Sincerely,



Tom Cochran
CEO & Executive Director
The United States Conference
of Mayors



Clarence E. Anthony
CEO & Executive Director
National League of Cities



Matthew D. Chase
Executive Director/CEO
National Association of Counties



Tim Storey
Executive Director
National Conference of State
Legislatures



David Adkins
CEO and Executive Director
The Council of State Governments



Marc Ott
CEO & Executive Director
International City/County
Management Association

Cc: The United States House of Representatives
The United States Senate

[1] ABMJ Consulting, "Economic Effects of Medicaid Expansion in Montana: 2025 Update." [2025-MedEx-Economic-Impacts_FINAL.pdf](#). [2] The Colorado Health Foundation. "Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35." [Medicaid_Expansion_Full_ONLINE_.PDF](#)