AMERICANS FOR TaxFairness | CCAG Connecticut Citizen Action Group | HEALTH CARE FOR AMERICA NOW!

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As Medicaid and Medicare Turn 60, Congress Enacts Law That Guts Coverage to Thousands of CT Residents, and Threatens Sharon Hospital – To Finance More Tax Giveaways to Corporations

President Trump's "Beautiful" Bill Has Ugly Consequences for Millions of Working Americans, Seniors, and People with Disabilities

STATEWIDE - Today marks the 60th Anniversary of Medicaid and Medicare, the nation's largest and most popular government health care programs which provide coverage and services to about 140 million Americans of all ages, including **1,086,000 people** in Connecticut. Medicaid and Medicare were signed into law on July 30, 1965 by President Lyndon B. Johnson.

Medicaid and Medicare have provided Americans much to celebrate over the past decades, helping to bring the number of uninsured people to a record low, and helping to address crises like the opioid epidemic, COVID 19 and the growing demand for long-term care caused by the aging of the population.

State Medicaid programs are jointly funded by the state and the federal government. In Connecticut, Medicaid insurance coverage is called HUSKY.

But the One Big Beautiful Bill Act (OBBBA) - more accurately called "One Big Betrayal Bill" - will take health coverage away from 10 million people, raise premiums for millions more and starve state budgets of federal funding.

"This bill goes out of its way to be cruel. Its massive cuts to coverage and healthcare systems will do enormous harm to our people and economy," said Liz Dupont-Diehl, CCAG's associate director. "We call on Connecticut's leaders to make sure we fill the gap being left by these cuts. Start by restoring eligibility for people at income levels shifted from Medicaid when Covered CT started due to federal subsidies.

“Connecticut lawmakers must step up and ensure that our state’s revenue system is fair and balanced,” she added, “and that we protect our people and ensure they have health care and essential services. Otherwise, they are endorsing these tax breaks for billionaires.”

Connecticut’s Aging Committee Co-Chair Jane Garibay joined CCAG at a press conference today to highlight the cuts and call for action. “We have to fight for and protect the people of Connecticut,” Garibay said. “Our Seniors and Veterans have given so much for our country and communities and the children are our future. They deserve better!”

Corporate Tax Loopholes Paid For By Future Cuts to Medicaid and Medicare

The new law’s permanent tax breaks are a huge boon to the wealthiest households and large corporations, but leave average Americans with much less to celebrate — those tax breaks are paid for with cuts to Medicaid and Medicare.

The OBBBA cuts over $1.02 trillion from Medicaid through a combination of enrollment changes, increased paperwork and stricter eligibility requirements that are designed to make the coverage inaccessible to millions and thereby shrink enrollment. At least 10.5 million people will lose coverage by 2034, particularly adults who gained insurance under the ACA’s Medicaid expansion provisions that for the first time enabled low income workers, veterans, small businesses and people with conditions like Substance Use Disorder (SUD) and mental health issues to get coverage.

States like Connecticut that expanded Medicaid will face a much larger cut to Medicaid funding, on average about 14.5%, than the 10 states that have not expanded Medicaid coverage which will still see an average 7.9% reduction in funding. Estimates show that in Connecticut, 120,336 people will lose coverage under Medicaid, and that, that 53,091 people will lost coverage under the Affordable Care Act from the bill, and that 173,427 will lose insurance altogether under the bill.

Medicaid losses won’t be restricted to loss of coverage. Since the new law also restricts states’ ability to raise revenue for the state portion of their Medicaid through provider taxes, hundreds of hospitals, clinics and nursing homes which depend on Medicaid for a large share of their operating costs, are at risk of closure. More than 300 rural hospitals are currently at “immediate risk” of closure under the OBBBA, including Sharon Hospital in Connecticut.

Hospital and nursing home closures create cascading impacts on jobs and economic activity in the state, particularly in rural areas that are more dependent on Medicaid. A recent analysis from the Commonwealth Fund shows that states will see significant job losses, reductions in revenue and shrinking Gross Domestic Project (GDP) as a result of the OBBBA’s cuts to Medicaid and SNAP (Supplemental Food Assistance Program). Conservative estimates of impact of the Medicaid changes under the new law show that:

- An estimated **119,000 jobs will be lost in Connecticut** because of these Medicaid cuts. That number rises to when SNAP cuts are also factored in. There is heavy enrollment overlap in the two programs.
- Connecticut will receive **$1,170,000** less in federal funding for Medicaid - and will lose a total of **$1,516,000** when SNAP cuts are factored in.
- Because both these programs generate significant economic activity well beyond the enrollees, Connecticut will see a downturn in both GDP and in state and local tax revenue as the funding for Medicaid and SNAP shrinks. **By 2029, Connecticut's GDP will be reduced by $2,013,000,000 and revenue by $198,000,000 as a result of the Medicaid/SNAP cuts.**

Connecticut's Community Health Centers: People Will Lose Coverage

Connecticut's 17 Community Health Centers, a lynchpin of our healthcare system, are among those hit hard. With multiple sites, they have more than 200 locations overall, serving serve 440,000 people, 60% of the whom are Medicaid. This means they serve 264,000 Medicaid patients, which is about 25% of all Medicaid patients in CT.

"Community Health Centers provide primary medical, dental, and behavioral health care to 440,000 people in Connecticut each year. This includes about one-quarter of HUSKY enrollees, making health centers critical providers in this program," said Shawn Frick, Executive DIrector of the Community Health Center Association of CT. "Regarding HR 1, we are concerned about the burdensome administrative requirements that will be placed both on Medicaid enrollees and our state Department of Social Services.

"To that end, CHC/ACT and our health centers have already begun conversations with DSS to strategize on how to implement these new requirements. Our goal is to help people who are eligible for Medicaid to retain it. Unfortunately, we know that some eligible people will lose coverage, plain and simple. This will have detrimental impacts on their health and wellbeing, as well as the financial sustainability of health centers, who will continue to serve these now-uninsured patients."

Impact on State Budgets

The tremendous loss of Medicaid is expected to impact state budgets. Medicaid is the largest source of federal funding in every state's budget currently making up about a third of state budget revenue. **KFF estimates that Connecticut will receive 15%, or $11 billion less in Medicaid funding over ten years.** The Congressional Budget Office impact analysis assumes that states will make up for about half of this reduction.

About 1.3 million dual eligible individuals who qualify for both Medicaid and Medicare could lose coverage by 2034 under OBBBA. In addition to low income seniors, children and adults with disabilities will be most impacted and at risk for loss of coverage and services. Medicaid is the leading payer of long-term care services for people who need either nursing home care or home based care as they age or because of a disability. Although disabilities are most common among seniors, the population of people with disabilities in the United States who are under the age of 65 including children is also increasing. Medicaid cuts under the OBBBA will likely increase the shortage of available services for people with disabilities and limit long-term care options by shutting down hundreds of nursing homes and potentially forcing cuts in home-based care that then shift the burden of care entirely to families.

Under OBBBA, access to Medicare is also prohibited for documented immigrants who have paid into the program and are currently entitled to collect benefits. Lawfully present immigrants may be denied the Medicare benefits they earned under this new law.

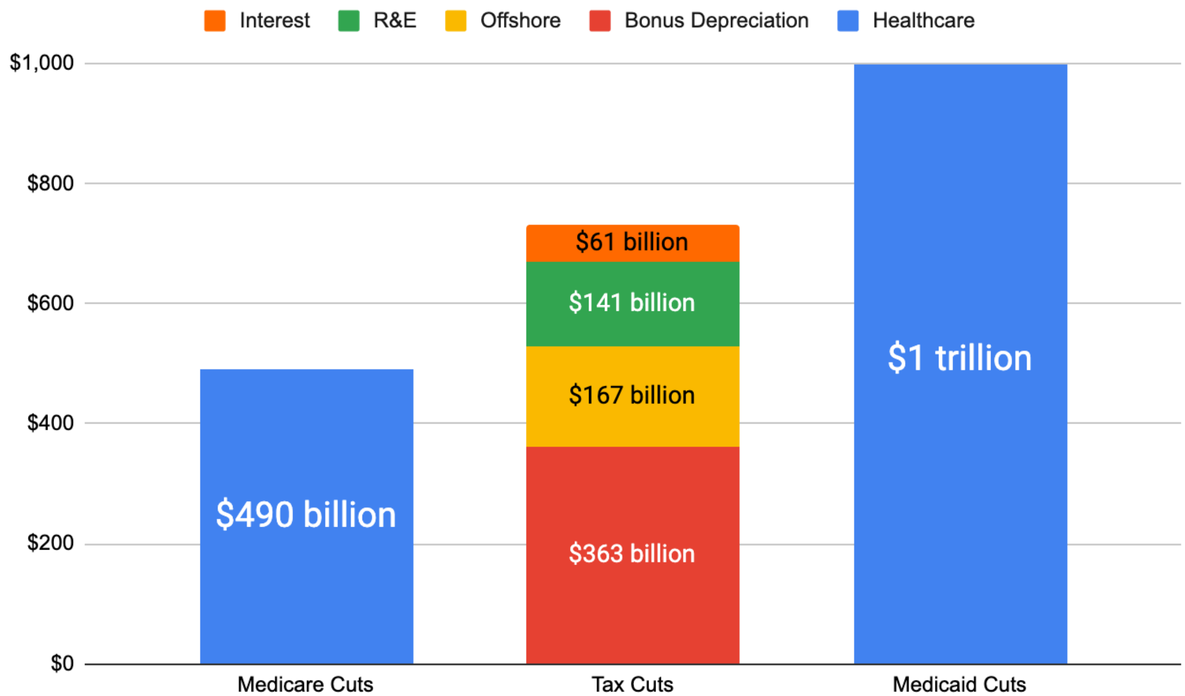
And, although supporters claim that the legislation will curtail wasteful spending and save Americans money, the reality is that the OBBBA doesn't save money–it redirects it. Savings generated by cutting Medicaid and other basic needs programs are funneled into massive tax breaks for the wealthy and corporations. Although the new law cuts over $1 trillion from Medicaid, that's not enough to cover the full cost of the tax breaks: the new law will add more than $3 trillion to the national debt by 2034, creating future fiscal burdens for families and the nation.

President Trump's New Law Prioritizes Corporate Tax Loopholes Over Health Care

In addition to making permanent the 2017 Trump tax breaks that slashed tax rates for the wealthiest households, the new law includes huge tax loopholes for corporations that will cost Americans trillions in lost revenue over the coming decade.

In fact, just four corporate tax breaks will cost $732 billion in lost public revenue over 10 years, according to an analysis by Americans for Tax Fairness. That's enough revenue to cover the great bulk of the $1.02 trillion cut to Medicaid or completely cover the nearly $500 billion in mandatory cuts to Medicare in the new law.

Revenue from Four Business Tax Cuts Could Reverse Healthcare Spending Cuts



Source: Americans for Tax Fairness

Under the OBBBA, these corporate loopholes are now permanent benefits for some of the nation's largest and most profitable corporations:

- **Lower Taxes on Foreign Profits of U.S. Corporations:** The 2017 Trump-GOP tax law for the first time set the tax rates on the foreign profits of American firms lower than the rate on domestic earnings, encouraging offshoring and domestic job losses. Under the 2017 law, those special taxes–known by the acronyms FDII and GILTI–were supposed to increase in 2026. Instead, the new law eliminates those increases for multinational corporations, including drug corporations who have persistently gouged consumers on everything from insulin to cancer drugs. Drugmakers Moderna and Pfizer each dodged over a billion dollars in taxes over the six years 2018-23 thanks to just one of these special offshore rates. Just 15 mega-corporations, including Google, Facebook, and Amazon, alone reaped over $50 billion of tax breaks from the FDII loophole over its first six years. **(10-Year Cost: $167 billion)**

- **Allowing More Generous Interest Deductions**: Businesses can deduct the cost of interest payments on borrowed money to lower their tax bills. The 2017 Trump-GOP tax law limited the corporate interest deduction to no more than 30% of a company's income. As of 2022, the way in which those profits are calculated was made more stringent so that the amount of interest deducted would be less. But the new law enables corporations to go back to using the more generous profit calculation so they can continue paying less tax. **(10 year cost: $61 billion)**

- **Allowing Companies to Write Off Big-Ticket Purchases More Quickly Than They Wear Out**: The Federal tax code has long allowed businesses to deduct the cost of equipment, vehicles, buildings and similar durable assets more quickly than they actually wear out. But the 2017 Trump tax law created an extreme version of this tax break, 100% "bonus depreciation," allowing corporations to write off the entire cost of equipment in the year it is purchased rather than more gradually over time. A recent analysis shows that in just the first five years of theTrump tax law, 25 mega-corporations saved $67 billion in taxes from this one provision. These are large corporations like United Parcel Service (UPS), Amazon, Google, Facebook and Pepsico. Although the bonus depreciation loophole to lower corporate taxes was intended to phase out in 2023, the new law reinstates it and makes it permanent. Two-thirds of the bonus depreciation tax break goes to corporations with over $250 million in annual revenue.**(10-year cost $363 billion)**

- **Allowing Companies To Deduct Research Costs in the Year Expended**: Like durable equipment, the benefits of research and experimentation last a long time, so it makes sense to write off their costs slowly. Recognizing this, and as another way to pay for the corporate tax-rate cut, the 2017 law required businesses beginning in 2022 to deduct over time (amortize) R&E expenses. The current bill eliminates that requirement. Just five mega-corporations (Apple, Amazon, Google, Meta, & Tesla) will be given an immediate $75 billion tax cut as a result. **(10 year cost: $141 billion)**

These corporate loopholes are in addition to the 40 percent cut in the corporate tax rate that was made permanent in the 2017 Trump tax bill, which has already enabled the largest corporations to pay lower tax rates than many families or small business owners. Corporations used this money to increase pay for their top executives and make their wealthy shareholders richer through dividends and stock buybacks without raising pay for average workers.

"The choice couldn't be plainer: give large profitable corporations costly tax breaks or ensure people can afford healthcare coverage and groceries. It shouldn't be a close call," said David Kass, ATF's executive director. "If Republicans really care about working Americans as they claim, they should do the right thing and save healthcare and food assistance for families by demanding huge corporations pay their fair share of taxes instead of giving them more special breaks."

Especially cruel to states who have expanded Medicaid (HUSKY)

There are several categories of Medicaid cuts particularly focused on undermining the Medicaid expansion in each state which has chosen to implement it (called HUSKY D in CT, with about 337,000 people currently enrolled):

Actual mandated cuts in eligibility include to certain legally present immigrants lose Medicaid coverage in October of 2026: refugees, asylees, survivors of domestic violence, and survivors of human trafficking.

It also calls for a shorter retroactive eligibility period for all but particularly for the state's expansion population (only 1 month, 2 months for other populations; down from current 3 months for all populations), effective January 2027.

The bill included burdensome eligibility and eligibility maintenance requirements which will cause many to lose their coverage despite actually being eligible, effective Jan. 2027: Regular work/work exemption reporting requirements for expansion population, and twice annual redeterminations for the expansion population.

It imposes new mandatory cost-sharing requirements on expansion population (for enrollees between 100% and 138% of FPL) which will discourage people from seeking care despite being on Medicaid, effective October, 2028.

It mandates reduced access to long-term care for people with an owned home, effective Jan. 2028.

Overall there are large reductions in payments to the states which are not tied to any particular cut in eligibility or services: reduced hospital provider taxes which leverage federal Medicaid dollars, starting October 2027; lower rate of federal reimbursement for the provision of emergency medical condition services to individuals who would be eligible for expansion but for immigration status (reimbursement reduced from 90% to 50%), effective October 2026; and reimbursement rate reduction if high error rates, starting FY 2030.

These overall cuts will put pressure on states to dramatically cut the optional Medicaid eligibility and optional services they provide, or Medicaid provider rates, if they are not willing to make up the difference.

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CCAG is a membership-based organization dedicated to actively engaging the residents of Connecticut to alter the relations of power in order to build a more just society. CCAG is a state partner of Health Care for America Now (HCAN) and a national coalition of state and local organization working to advance quality, affordable health care for everyone in America and policies that make the wealthy and corporations pay their fair share of taxes toward an economy that works for all.