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As Medicaid and Medicare Turn 60, Congress Enacts Law to Gut the Programs to Finance Corporate Tax Giveaways

[**Portland, ME**] - Wednesday, July 30, 2025, marks the 60th Anniversary of Medicaid and Medicare, the nation's largest and most popular government health care programs. Medicaid and Medicare together provide coverage and services to about 140 million Americans of all ages, including nearly 400,000 MaineCare (Medicaid) beneficiaries and more than 375,000 people who receive Medicare in Maine. 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.

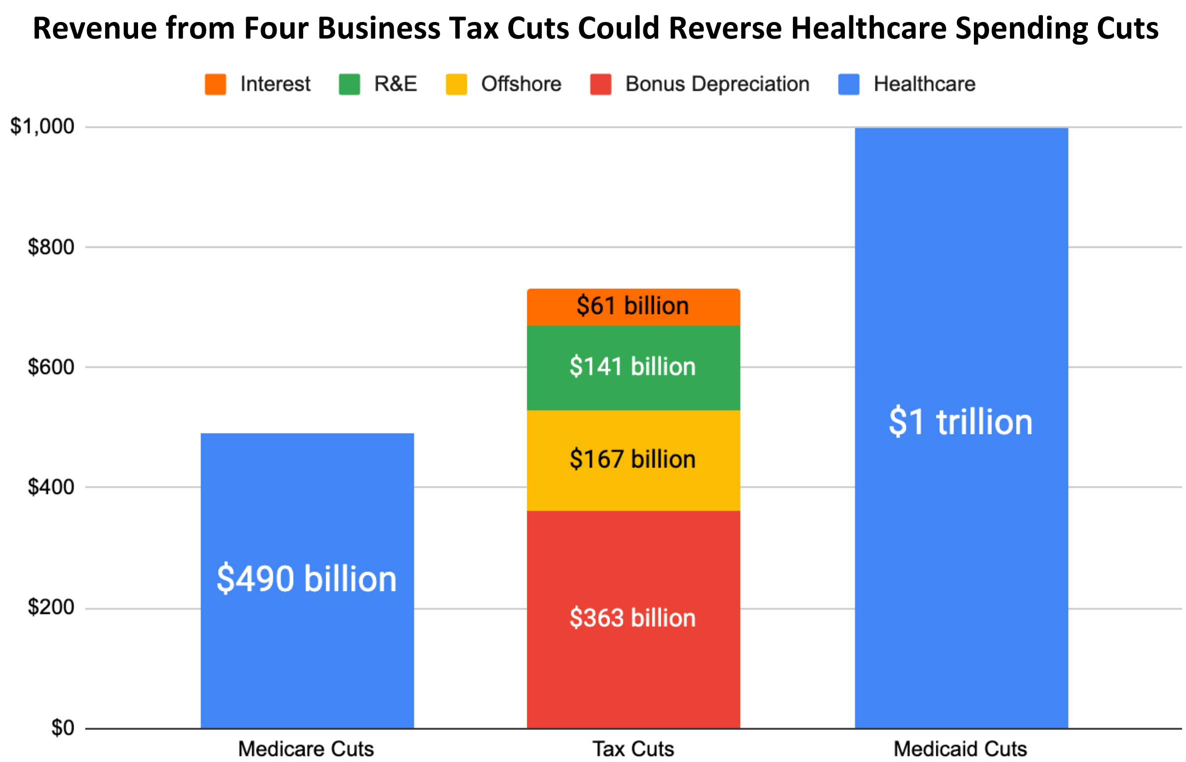
But the federal budget bill signed into law by President Trump on July 4, 2025, will take health coverage away from 10 million people, raise premiums for millions more and starve state budgets of federal funding while at the same time shifting more costs to states.

Worse yet, that money, which should be used to provide health care and food assistance, will be funneled into massive tax breaks for the ultra-wealthy and rich corporations. And 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.

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 rich 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.



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% cut in the corporate tax rate that was made permanent in the 2017 Trump tax bill. Those cuts have 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.

Rejecting just one of these four corporate tax breaks would save enough revenue to pay for all the Medicaid cuts planned for Maine, which receives $3 billion from the federal government to support MaineCare.

“The choice couldn’t be plainer: give large profitable corporations four costly tax breaks or ensure that Mainers 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.”

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 because those tax breaks are paid for with cuts to Medicaid and Medicare.

The “One Big Beautiful Bill Act” (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 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.   In Maine, more than 100,000 people gained coverage under Medicaid expansion. Early estimates show that 34,695 Mainers will lose Medicaid under the new law.

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 two in Maine.

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 3,100 jobs will be lost because of these Medicaid cuts. That number rises to 4,000 when SNAP cuts are also factored in. There is heavy enrollment overlap in the two programs.
- Maine will receive $282 million less in federal funding for Medicaid, and $430 million when SNAP cuts are factored in.
- Because both these programs generate significant economic activity well beyond the enrollees, Maine will see a downturn in both GDP and in state and local tax revenue as the funding for Medicaid and SNAP shrinks. By 2029, GDP will be reduced by $475 million and revenue by $45 million as a result of the Medicaid/SNAP cuts.

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 Maine will receive $3 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.

Despite repeated promises not to touch Medicare, the OBBBA forces cuts in the Medicare program. Since most of the tax breaks in the new law are not paid for, the OBBBA adds trillions to the national debt that will automatically trigger $490 billion in "PAY-GO" cuts to Medicare, which currently insures over 70 million people. In addition, the OBBBA also reduces access to Medicare for lower-income beneficiaries by making it harder to enroll in Medicare Savings Programs (MSPs), which help cover the cost of Medicare premiums and cost-sharing for people who qualify. Some of these programs are administered by state Medicaid agencies.

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.

The OBBBA Celebrates Wall Street and Wealthy People, Not Medicaid and Medicare

After 60 years of providing coverage and services to tens of millions of people of all ages, Medicaid and Medicare remain critical pillars of the American health care system. Although polls show the tremendous popularity of both programs, lawmakers in the 119th Congress recklessly passed a law that makes historic cuts to Medicaid and that endangers Medicare in the future.

Rather than spending $700 billion on four egregious corporate tax loopholes that reward price-gouging corporations that have already received big tax cuts for years, Congress should prioritize strengthening Medicaid and Medicare for future generations and investing in a health care system that meets growing needs. That would give millions much more to celebrate this Medicaid and Medicare anniversary.

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With more than 32,000 members, MPA is the largest community organization in Maine, and one of the largest in the country. We work together on issues that include but are not limited to housing, care, climate change and environmental justice, health care access, racial justice, and immigrant rights. MPA 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.