

March 3, 2025

To The Office Of Congressman Raja Krishnamoorthi,

The House Republican budget plan directs the House Energy and Commerce Committee, which has jurisdiction over Medicaid, to identify \$880 billion in program reductions over 10 years.

To achieve that level of savings, Congress will likely need to pursue significant and far-reaching Medicaid funding reductions.

A wide menu of changes to Medicaid have been circulating among House Republicans, including downward adjustments to federal matching rates; capping federal spending on a per-enrollee basis; limiting the ability of states to fund the state-share of Medicaid costs by imposing taxes on healthcare providers; imposing work requirements; curbing state directed payments, which many states use to increase provider payment rates; and a variety of other more technical options.

While specific impacts will depend on legislation introduced in Congress, the Kaiser Family Foundation (KFF) has developed initial estimates of certain Medicaid proposals and has estimated significant impacts to IL Medicaid.

Per Capita Caps: KFF estimates that IL would have to replace \$21.5 Billion in federal Medicaid funding over 10 years to maintain the state's existing level of Medicaid coverage, benefits and provider payment rates: <https://www.kff.org/medicaid/issue-brief/a-medicaid-per-capita-cap-state-by-state-estimates/>

Eliminating the ACA Expansion Match: KFF estimates that IL would need to replace \$40.9 Billion in federal funding for IL over 10 years to maintain the state's Medicaid expansion. If the state dropped expansion coverage, 840K—or almost 30% of current Medicaid enrollment—would lose coverage: <https://www.kff.org/medicaid/issue-brief/eliminating-the-medicaid-expansion-federal-match-rate-state-by-state-estimates/>

Lurie Children's is the largest pediatric provider of Medicaid services in IL. Last year, approximately 60% of our inpatient days were for children enrolled in the Medicaid program.

In FY 2024, Lurie Children's Medicaid losses were \$121 million against our costs. We are continuing to evaluate specific impacts of the federal proposals on Lurie Children's. However, we know with certainty that if any of these proposals are enacted, Illinois will need to consider cutting payment rates, benefits and/or coverage. The changes are almost certain to compound our Medicaid losses, putting access to care for all children in our state at risk.

Proposed cuts to the Medicaid program would have sweeping effects on access to care for millions of children and families, jeopardizing children's ability to receive routine check-ups, life-saving treatments, and early interventions that lead to better long-term outcomes and lower healthcare costs.

Sincerely,

Blake Kilmer

Policy Manager - Ann & Robert H. Lurie Children's Hospital of Chicago