



June 24, 2025

Honorable Jodey Arrington
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Honorable Brett Guthrie
Chairman
Committee on Energy and
Commerce
U.S. House of Representatives
Washington, DC 20515

Re: Information Concerning Medicaid-Related Provisions in Title IV of H.R. 1

Dear Chairman Arrington and Chairman Guthrie:

You have asked the Congressional Budget Office for information concerning changes to insurance coverage that would occur under H.R. 1, the One Big Beautiful Bill Act, as passed by the House of Representatives on May 22, 2025. You asked specifically about changes related to Medicaid under title IV, Energy and Commerce.

CBO estimates that enacting the Medicaid provisions in title IV would increase the number of people without health insurance by 7.8 million in 2034 relative to baseline projections under current law.¹ Of that number:

- About 4.8 million would be able-bodied adults between the ages of 19 and 64 who have no dependents and who do not meet the community engagement requirement in section 44141 for participating in work-related activities at least 80 hours a month.
- About 1.4 million would be people who do not meet citizenship and immigration status requirements for Medicaid enrollment but who would be covered under current law in programs funded by the states.
- About 2.2 million would become uninsured because of other provisions in H.R. 1, including provisions increasing the frequency of verification of eligibility to enroll in Medicaid or those that would lead states to

1. Congressional Budget Office, estimated budgetary effects of H.R. 1, the One Big Beautiful Bill Act (June 4, 2025), www.cbo.gov/publication/61461.

change their Medicaid enrollment requirements in response to federal policy changes.

- CBO estimates that the interactions among the policies would, on net, reduce the number of people without health insurance by 600,000 in 2034 relative to the sum of the estimated effects of the individual policies because some people would become uninsured under more than one policy.

You asked several questions about the number of people who would be enrolled in Medicaid under the legislation and about the number of people who would not have health insurance under H.R. 1. You also asked about the effects on state Medicaid spending under H.R. 1.

For the number of individuals estimated to be without health insurance in 2034 as a result of the Medicaid policies in H.R. 1, what share would be eligible for other health insurance subsidies but would be estimated to not participate?

CBO estimates that of the projected increase of 7.8 million people without health insurance in 2034, 1.6 million would have access to, but would not take up, other forms of subsidized coverage, such as premium tax credits for insurance purchased through the marketplaces established by the Affordable Care Act or employment-based coverage; that number also includes people who would remain eligible for Medicaid but would not enroll.

For which provisions in H.R. 1 does CBO estimate that there would be an increase in the number of people without health insurance resulting from state discretion in the management of enrollment within their own Medicaid programs? What does CBO estimate would be the effect on the number of people without health insurance under those policies?

CBO estimates that enacting several sections would reduce resources available to states to fund their Medicaid programs or state-funded insurance programs:

- Section 44107 would eliminate the authority of the Centers for Medicare & Medicaid Services to waive penalties for payment errors and would reduce federal funding to states for errors in eligibility determinations.
- Section 44111 would reduce the federal matching rate for people enrolled in Medicaid under the expansion of the program provided in the Affordable Care Act from 90 percent to 80 percent for any state that

uses its own funds to provide coverage to certain immigrants through state programs.

- Section 44132 would prevent states from increasing current tax rates on providers and bar them from creating new tax arrangements for providers.
- Section 44134 would make additional changes to what constitutes a permissible provider tax and would effectively limit collections of those taxes in certain states.

CBO expects that in response to those provisions, states would modify their Medicaid or state-funded insurance programs to curtail their spending by reducing provider payment rates, reducing the scope or amount of optional services, and reducing Medicaid enrollment.²

CBO estimates that state responses to those provisions would increase the number of people without health insurance by a total of 2.0 million in 2034.

Does CBO estimate that the Medicaid provisions in H.R. 1 would result in a net decrease in state spending on the Medicaid program, before accounting for how states respond to the federal policy changes, and if so by how much?

CBO estimates that, if combined, enacting all of the Medicaid provisions in H.R. 1 would reduce the states' total share of spending on Medicaid by \$13.1 billion, on net, over the 2025–2034 period. Some provisions would reduce state spending, and some would increase it. CBO estimates that over the 2025–2034 period, provisions that make changes to program eligibility and enrollment processes, as well as some payment changes, would cause states' spending to decline by \$214.4 billion. Reductions in federal or other resources available to state programs would cause states' spending to rise by \$201.3 billion.

What is the number of individuals whose citizenship, nationality, or satisfactory immigration status is not verified, but would be covered under current law in programs funded by states?

CBO estimates that enacting section 44111 would increase the number of people without health insurance by 1.4 million in 2034 because, in order to

2. See Congressional Budget Office, letter to the honorable Ron Wyden and the Honorable Frank Pallone, Jr., concerning estimates for Medicaid policy options and state responses (May 7, 2025), www.cbo.gov/publication/61377.

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maintain the 90 percent federal matching rate, most states would stop using state-only funds to provide health insurance coverage to people who do not meet citizenship and immigration status requirements for Medicaid enrollment.

What are the changes in the number of uninsured people that would be associated with provisions aimed at verifying eligibility for the Medicaid program, specifically sections 44102 and 44108 of H.R. 1?

Section 44102 would prevent one part of what is termed the Eligibility and Enrollment final rule from being implemented, administered, or enforced through the end of 2034. That part of the rule changes the way that states process applications and renewals for coverage under Medicaid and the Children's Health Insurance Program. For example, the rule specifies that states can only conduct eligibility determinations for people who are aged, blind, and disabled once a year—less frequently than under some states' prior practices. The rule also specifies that states cannot require in-person interviews during eligibility redeterminations for that group of enrollees. CBO expects that enacting section 44102 of H.R. 1 would reduce enrollment as states returned to earlier administrative practices.

CBO estimates that enacting section 44102 would increase the number of people without health insurance by 600,000 in 2034.

Section 44108 would require states to redetermine Medicaid eligibility every six months, instead of once a year, for some enrollees. CBO expects that enacting the section would result in some people being removed from the program sooner than would occur under current law.

CBO estimates that enacting section 44108 would increase the number of people without health insurance by 700,000 in 2034.

In CBO's baseline, how many individuals are enrolled in Medicaid in 2025 and how many are enrolled in 2034? How many would be enrolled in 2034 under H.R. 1?

In CBO's January 2025 baseline projections, 85.0 million people will be enrolled in Medicaid this year, rising to 90.0 million in 2034. CBO estimates that under H.R. 1, 79.5 million people would be enrolled in Medicaid in

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2034—10.5 million fewer than under current-law projections.³

In CBO's baseline, what is total federal Medicaid spending in 2025 and in 2034? What would total federal Medicaid spending be in each of those years accounting for the effects of H.R. 1?

In CBO's January 2025 baseline, the agency estimates \$655.9 billion in Medicaid spending in 2025, increasing to \$985.7 billion by 2034. CBO estimates that enacting the Medicaid provisions of H.R. 1 would reduce Medicaid spending by \$125.2 billion in 2034, to total \$860.5 billion that year.

I hope this information is useful to you. Please contact me if you have further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping horizontal line extending to the right.

Phillip L. Swagel
Director

cc: Honorable Brendan F. Boyle
Ranking Member
House Committee on the Budget

Honorable Frank Pallone, Jr.
Ranking Member
House Committee on Energy and Commerce

3. The decline in enrollment under H.R. 1 incorporates 1.3 million people who would be eligible for Medicaid and Medicare but would lose Medicaid coverage. They would retain Medicare coverage and not become uninsured. That 10.5 million figure also reflects a reduction of 1.6 million people enrolled in Medicaid in more than one state; those enrollees would maintain Medicaid coverage in their home state.