



Federal Cuts to Medicaid & SNAP Would Force Missouri Legislators to Make Drastic Cuts to Services

Congress is currently considering a federal budget plan that would significantly cut funding for health care, food assistance, and other vital programs. If enacted, these cuts would represent an unprecedented cost shift to states, at a time when Missouri’s budget outlook is already bleak.ⁱ This means that Missouri may face painful choices in the coming years as the state would need to fill these gaps in federal funding with general revenue to maintain current services or make significant cuts to health coverage, food assistance, or other critical services funded by general revenue.

Medicaid and the Supplemental Nutrition Assistance Program (SNAP) are two of the nation’s keystone supports for children, families, older adults and others who need assistance.

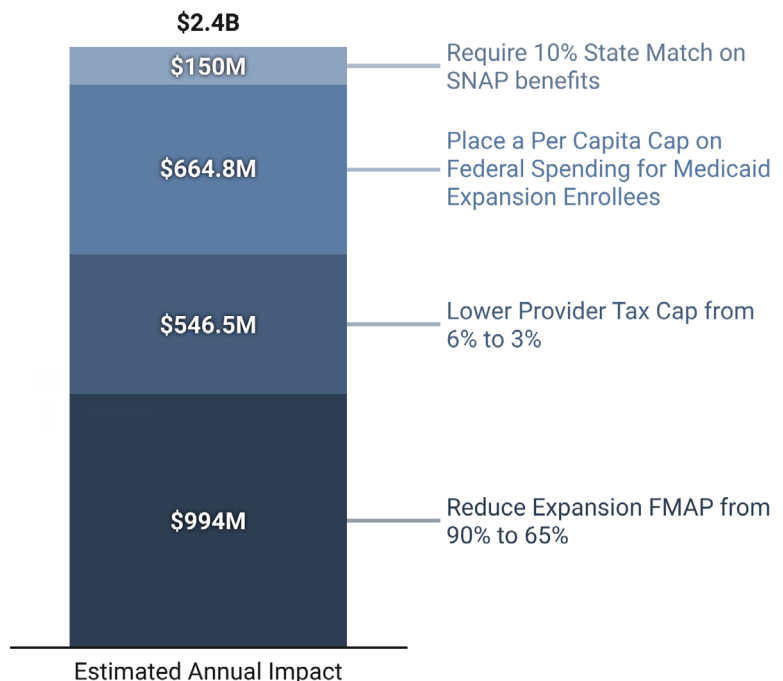
Medicaid ⁱⁱ	SNAP
Covers 2 in 5 Missouri kids and 2/3 of all nursing home care	Covers 1 in 10 Missourians ⁱⁱⁱ Nearly 7 in 10 SNAP participants are kids , older adults, people with disabilities ^{iv}

Estimated Impact of Cost Shifts to Missouri State Budget

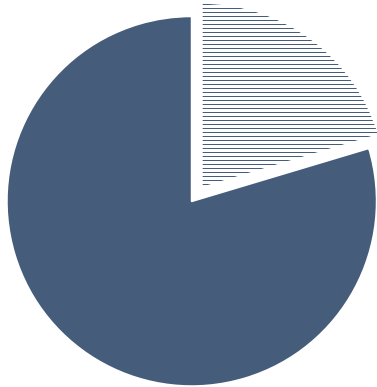
While the specifics of these proposals to cut federal spending are still unclear, a “menu” of options has been floated that would significantly shift the cost of SNAP and Medicaid to the states.

Missouri would need to replace these dollars with an equivalent amount of state revenue in order to maintain services at the current level.

As illustrated, **these cuts could shift upward of \$2 billion of these costs to Missouri.**



Estimated Total Cost of Medicaid & SNAP Cuts Approaches 20% of State General Revenue



This comes at a time when Missouri is already facing a budget cliff.

The estimated \$2.4 billion total cost of Medicaid and SNAP cuts would be the equivalent of 17% of state fiscal year 2026 projected general revenue.

As a result, **changes to the federal financing of Medicaid and SNAP cuts will lead to significant cuts in health care, food assistance, and other critical programs funded through state general revenue, like K-12 education.**

Proposed Medicaid Cuts

Lowering the federal match rate for the Medicaid Expansion population (AEG).

The share of Medicaid costs paid for with federal dollars is known as the federal medical assistance percentage or “FMAP.” Federal dollars cover 90% of the cost for Medicaid expansion enrollees through an enhanced match rate; current proposals would reduce the FMAP for the expansion population to Missouri’s standard match rate of 65%.^v Because Medicaid Expansion in Missouri was enacted through a constitutional amendment, Missouri would be required to pay for this with state dollars.

Eliminating or reducing provider taxes.

Medicaid provider taxes (commonly referred to as the Federal Reimbursement Allowance, or FRA) are voluntary taxes paid by hospitals, nursing homes, pharmacies and other providers that leverage additional federal funding for health services. Current proposals seek to reduce states’ ability to finance Medicaid with provider taxes. Missouri is one of the states most heavily reliant on provider taxes.^{vi} If Missouri is unable to fill this gap with general revenue dollars, it would also lose the federal match tied to these dollars. Assuming a 3% cap on the provider tax, Missouri could lose out on a total of \$2 billion from this provision alone (\$547 in provider taxes that leverage \$1.4 billion in federal matching funds).

Capping the amount of federal Medicaid funding that each state receives.

Proposals (such as per-capita caps or block grants) that limit the amount of federal Medicaid funding provided to states regardless of residents’ health care needs, would shift costs and risks to states, forcing them over time to significantly cut the number of people enrolled and to provide less robust coverage.

Proposed SNAP Cuts

Requiring a State Match for SNAP benefits.

While states currently pay for a share of the cost to administer SNAP, program benefits are entirely funded with federal dollars. New proposals would mandate that states share the cost of these benefits meaning that states would need to fill this gap with state revenue or be forced to cut SNAP benefits, restrict program eligibility, or cut other critical services.

Estimated Cost Shift to Missouri State Budget: Medicaid and SNAP

Option	1-YEAR Impact	10-YEAR Impact
Reduce Enhanced Medicaid Expansion Match Rate (Current FMAP 90%)		
Reduce Expansion FMAP to 65%	\$994M	\$11.2B
Reduce Cap on Provider Tax (Current cap 6%)		
Cap Provider Tax at 4%	\$242.9M	\$2.6B
Cap Provider Tax at 3%	\$546.5M	\$5.9B
Cap Provider Tax at 2.5%	\$698.3M	\$7.5B
Implement Per Capita Cap on Federal Share of Medicaid (Currently No Cap)		
Per Capita Cap on All Enrollees	\$1.5B	\$15B
Per Capita Cap on Expansion Enrollees	\$664.8M	\$7B
Require State Match on SNAP Benefits (Currently No State Match)		
5% State Match	\$75M	\$717M
10% State Match	\$150M	\$1.4B
25% State Match	\$376M	\$3.6B

Medicaid Estimates: Missouri Foundation for Health (Preliminary Estimates); SNAP Estimates: Center on Budget and Policy Priorities Analysis of U.S. Department of Agriculture SNAP Data for FY 2024

Created with Datawrapper

Missouri simply can't absorb these substantial new costs for bedrock public programs long funded at the federal level. Years of tax cuts mean Missouri's investments in its citizens have already fallen well behind other states and where we were in prior years.^{vii} If Congress approves massive cuts in federal support, people and communities will pay the price through Missouri's increasingly limited ability to invest in the building blocks of a sound economy.

Endnotes

- i Missouri Budget Project, “With Repeated Tax Cuts, Missouri’s Investments in Its Residents Have Eroded,” March 10, 2025. Available at <https://mobudget.org/with-repeated-tax-cuts-missouris-investments-in-its-residents-have-eroded/>
- ii Missouri Budget Project, “Medicaid 101: An Overview of MO HealthNet & the Children’s Health Insurance Program, 2025,” Available at <https://mobudget.org/wp-content/uploads/2025/04/Medicaid-101-January-2025.pdf>
- iii Center on Budget & Policy Priorities, “A Closer Look at Who Benefits from SNAP: State-by-State Fact Sheets,” Updated January 21, 2025. Available at <https://www.cbpp.org/research/food-assistance/a-closer-look-at-who-benefits-from-snap-state-by-state-fact-sheets#Missouri> (accessed April 13, 2025)
- iv Missouri Budget Project, Overview of the Supplemental Nutrition Assistance Program (SNAP) in Missouri, April 2025, available at <https://mobudget.org/snap-overview-2025/>
- v KFF’s State Health Facts, Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier, FY 2026. Available <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>
KFF estimates of increased FY 2026 FMAPs based on Federal Register, November 29, 2024 (Vol 89, No. 230), pp 94742-94746.
- vi United States Government Accountability Office (GAO). GAO-21-98, December 2020, available <https://www.gao.gov/assets/gao-21-98.pdf>
- vii Missouri Budget Project, “With Repeated Tax Cuts, Missouri’s Investments in Its Residents Have Eroded,” March 10, 2025. Available at <https://mobudget.org/with-repeated-tax-cuts-missouris-investments-in-its-residents-have-eroded/>