MBP
MISSOURI BUDGET PROJECT

Federal Medicaid Cuts Would Eliminate Health Coverage, Increase Costs for Missourians

Medicaid helps keep Missourians and their families healthy, so they can work, succeed in school, and contribute to their communities. But Congress is considering the biggest cuts to Medicaid in history, resulting in unprecedented reductions in health services for Missourians.

The more than $700 billion in Medicaid cuts would create barriers that cause Missourians to lose health coverage, increase the cost of health services, and undermine the existing quality of care. Roughly 110,000 Missourians would become uninsured as result of the Medicaid provisions recently passed by the U.S. House of Representatives.

On May 22nd, the U.S. House passed a budget reconciliation bill that would:

Impose red tape requirements on Medicaid expansion applicants and current enrollees. In both Missouri and nationally, around 90% of adults under 65 with Medicaid are already working or would qualify for an exemption due to disability, caregiving, or enrollment as a student. But other states that have implemented work requirements have experienced large coverage losses, which **included enrollees who were meeting work requirements or were eligible for exemption** (while some exemptions would be allowed, they would not be automatic).

Eligible people lose health care because of administrative errors and steep barriers caused by reporting requirements. Moreover, these states have shown that work requirements don't increase employment.

Over 91,000 thousand Missourians are expected to lose health coverage as a result of this requirement alone. While the bill does allow for exemptions in high unemployment areas, only a few Missouri counties might qualify for those waivers.

EFFECTIVE DATE: NOT LATER THAN DECEMBER 31, 2026, OR EARLIER AT STATE OPTION.

Create new administrative barriers and red tape causing people to lose health coverage. Current proposals would require Medicaid expansion enrollees to renew coverage every six months as opposed to annually. Doubling the frequency of these renewals would increase administrative cost, require additional staffing, and stress Missouri's enrollment systems that have long-standing problems with the current renewal process.

In addition, the bill would delay implementation of streamlined application and enrollment rules for children and older adults including measures intended to help low-income Medicare beneficiaries (aka dual-eligibles) gain access to Medicaid coverage which helps cover their Medicare premiums, cost-sharing and long-term care benefits.

EFFECTIVE DATE: INCREASED ELIGIBILITY DETERMINATIONS APPLIES TO RENEWALS SCHEDULED ON OR AFTER DECEMBER 31, 2026; ELIGIBILITY AND ENROLLMENT RULE DELAYED UPON ENACTMENT UNTIL 2035

Restrict the use of provider taxes, an important funding stream for Medicaid in Missouri. States would be prevented from increasing provider tax rates and from implementing new provider taxes. Missouri's provider tax rate is currently set up to be adjusted annually to maximize allowable collections and the associated federal match; these restrictions would freeze the rate upon enactment of the bill. A new, increased rate of close to 5% is expected to be submitted to Centers for Medicare and Medicaid Service (CMS) for approval in June. Missouri may then be locked into that new rate moving forward – even if costs increase.

EFFECTIVE DATE: UPON ENACTMENT, BUT STATES MAY HAVE AT MOST 3 FISCAL YEARS TO TRANSITION EXISTING ARRANGEMENTS THAT ARE NO LONGER PERMISSIBLE

Increase the cost of health care for Missouri families. Co-pays of up to $35 per service would be required for Medicaid expansion enrollees between 100-138% of the federal poverty level (FPL) (for one adult, that would be an annual income of between $15,650 and $21,597 in 2025).

The bill would also limit retroactive coverage to one month prior to application as opposed to the current 90 days. This retroactive coverage is designed to provide access to care while applications are processed. As of April 2025, Missouri processing times for applications averaged 104 days – or more than 3 months. This would lead to higher out-of-pocket costs for consumers and increases in uncompensated care for health care providers.

EFFECTIVE DATE: COST SHARING OCTOBER 1, 2028; RETROACTIVE COVERAGE DECEMBER 31, 2026

Restrict state directed payments, effectively cutting provider rates and limiting access to care. State directed payments are a key strategy used by states to support rural and safety net providers through enhanced payments rates and to incentive specific services such as those that reduce maternal mortality.

EFFECTIVE DATE: UPON ENACTMENT

Block care for specific groups and providers. The bill would ban coverage for gender affirming care, block all payments to abortion providers (including for essential health care services such as cancer screenings and family planning) and limit the "reasonable opportunity period" for immigrants if status can't be verified for procedural reasons.

EFFECTIVE DATE: ABORTION PROVIDERS UPON ENACTMENT FOR 10 YEARS; GENDER AFFIRMING CARE UPON ENACTMENT; "REASONABLE OPPORTUNITY PERIOD" OCTOBER 1, 2026