MHA | ADVOCACY BRIEF

Vote No to Harming Medicaid Beneficiaries

Medicaid is a critical safety-net program for 1.2 million Missourians. Medicaid provides essential health services, including primary and preventative care, maternal and pediatric care, cancer treatment, chronic disease management and a host of other life-saving services to the elderly, disabled, pregnant women, children and the working poor.

MO HealthNet Enrollees	May 2025
Persons with Disabilities	120,858
Elderly	95,944
Custodial Parents	71,282
Children	574,082
Pregnant Women	33,997
Adult Expansion	349,743
Total	**1,245,906**

H.R. 1 represents a careful compromise designed to advance the Republican majority's priorities while protecting the health care safety net. The current Senate reconciliation proposal destroys that carefully negotiated balance. The severe restrictions on state provider taxes and directed payment programs in the Senate Finance Committee's proposal would harm beneficiaries, threaten the viability of struggling hospitals across the nation and cripple state budgets.

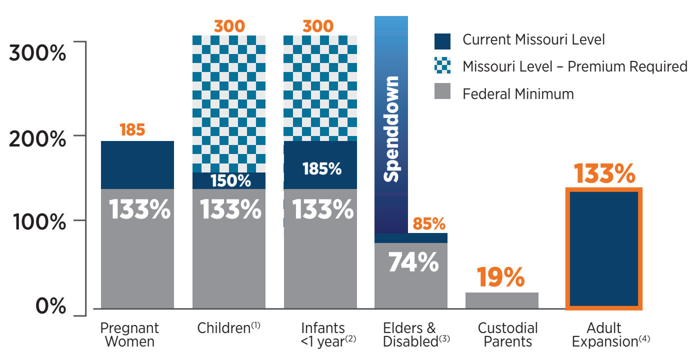
Harm to Beneficiaries

Devastating cuts to Medicaid spending ultimately harm beneficiaries. When states cannot adequately backfill reduced federal funding, they must reduce provider reimbursement or limit access to services. Lower provider reimbursement rates drive providers from the program, leaving only hospital emergency departments to care for individuals who are now sicker because they've lost access to primary and prenatal care, and chronic disease management. States also may eliminate discretionary services, further limiting access to care. Finally, states may alter eligibility requirements. **Missouri employs close to the minimum eligibility requirements and could only meaningfully reduce eligibility for pregnant women – exacerbating the growing maternal deserts across the state.**

Around
92%
of expansion adults are working or exempt.*

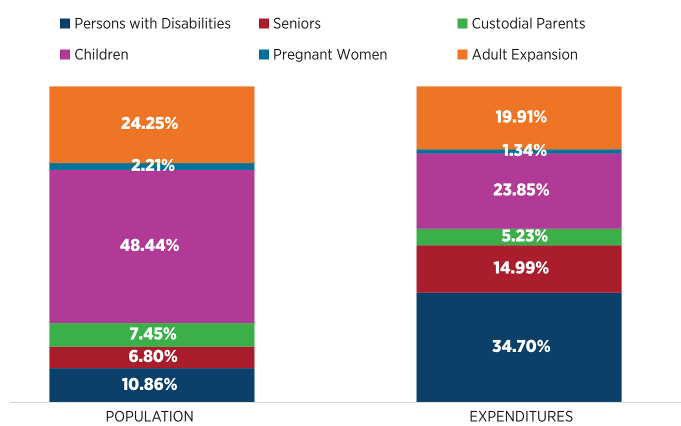
Lack of access to these services will degrade the health of Medicaid beneficiaries, particularly children and the disabled, and ensure that higher acuity patients require hospitalization, placing a greater strain on hospital resources and state budgets. This proposal increases the cost to care for vulnerable Americans and, ultimately, will cost states and the federal government more money.

Current Missouri Income Eligibility Levels Compared To Federally-Mandated Levels



(1) Families at incomes above 150% FPL pay a premium.
(2) Infants under age 1 includes unborn children through the Show Me Health Babies program (not subject to premiums).
(3) Elders and the Disabled who are eligible except for income may spend down excess income to qualify.
(4) Adult Expansion includes individuals age 19-64 who are not disabled.

SFY24 Medicaid Population And Expenditures



*https://missouriindependent.com/briefs/proposed-federal-work-reporting-requirements-could-cut-over-90k-missourians-from-medicaid/

Harm to Hospitals

Missouri uses its provider tax largely to fund hospital reimbursement. Missouri's federal matching rate is approximately 60/40 (90/10 for the expansion population). Netted for the tax, Missouri hospitals receive 24 cents below every dollar it costs to care for the state's most vulnerable citizens. Provider taxes and directed payments are not a windfall to hospitals. They are a necessary component of the state's ability to set appropriate and sustainable reimbursement rates. **Without this support, hospitals, particularly those in rural areas, will close. Others will be forced to reduce or eliminate service lines, reducing access for all – not just Medicaid beneficiaries.** These reductions will have a real and dramatic impact on hospitals' bottom lines and the patients they serve.

	Hospitals*	2023 Weighted Average Operating Margin	3.5% Assessment Weighted Average Operating Margin	Directed Payment Cut - Weighted Average Operating Margin	2023 Percent Operating With Negative Margins	3.5% Assessment Percent Operating With Negative Margins	Directed Payment Cut - Percent Operating With Negative Margins	3.5% Assessment FTE Reduction	Directed Payment Cut - FTE Reduction
Rep. Ann Wagner	10	9.8%	8.7%	8.3%	10.0%	20.0%	10.0%	1,362	823
Rep. Bob Onder	11	-0.1%	-3.9%	-2.7%	45.5%	63.6%	72.7%	1,727	904
Rep. Emanuel Cleaver, II	10	4.3%	-0.5%	-2.4%	30.0%	70.0%	60.0%	2,695	2,219
Rep. Eric Burlison	10	5.6%	3.0%	3.3%	0.0%	10.0%	0.0%	1,622	939
Rep. Jason Smith	16	1.1%	-2.9%	-1.4%	62.5%	81.3%	75.0%	1,111	512
Rep. Mark Alford	15	2.2%	-0.7%	0.5%	53.3%	60.0%	60.0%	458	175
Rep. Sam Graves	23	-1.1%	-4.4%	-3.0%	60.9%	65.2%	69.6%	989	377
Rep. Wesley Bell	7	4.5%	-2.2%	-2.3%	28.6%	71.4%	71.4%	3,603	3,179
Total	**102**	**4.2%**	**0.3%**	**0.2%**	**42.2%**	**57.8%**	**55.9%**	**13,567**	**9,129**

* Short-term Acute Care Inpatient PPS, Critical Access and Children's Hospitals

Hospital closures cause economic harm to the communities they serve. In rural areas, hospitals typically are the largest employer. Substantial job losses resulting from hospital closures and reductions in service will cripple struggling rural communities.

Harm to States

States pay their "fair share" of Medicaid by exercising their sovereign authority to tax – through individual and corporate income taxes, sales taxes, sin taxes, provider taxes, and other unique means of raising state revenue. States precisely calibrate their tax base on the revenues necessary to meet priorities for the health, safety and welfare of their citizens. Every state's health care needs are unique, and provider taxes help states raise sufficient funds to ensure an adequate provider network to meet the basic needs of their citizens. Missouri has used its provider tax responsibly and judiciously to generate the funding necessary to ensure the viability and sustainability of the Medicaid program.

The state's inability to backfill the funding decrease associated with a 3.5% provider tax will cost Missouri $1.1 billion annually. With a fixed general revenue budget, Missouri would be forced to reduce expenditures to other programs, such as primary and secondary education (where most general revenue is spent), to find the funds necessary to support the Medicaid program.

The Senate Finance Committee's proposal to drastically reduce Medicaid funding to states will disrupt access to health care for the 1.2 million Missourians covered by Medicaid. **We urge our Senators to vote no to harming beneficiaries, threatening the viability of hospitals across Missouri and crippling the state's budget.**

FRA TAX HISTORY

SFY 2026 – 5.0% (requested)

SFY 2025 – 4.2%

SFY 2024 – 4.8%

SFY 2023 – 5.4%

SFY 2022 – 5.48%

SFY 2021 – 5.75%

SFY 2020 – 5.6%

SFY 2019 – 5.6%

SFY 2018 – 5.5%

SFY 2017 – 5.95%

SFY 2016 – 5.95%

SFY 2015 – 5.95%

10-year average rate – 5.47%