

Medicaid Cuts

NRHA Factsheet and Talking Points



What is Medicaid?

Medicaid is a joint federal-state program that provides comprehensive coverage of health care and long-term services and support to more than 90 million low-income adults and children in the United States. Medicaid provides essential health coverage for residents of small towns and rural communities, playing a significantly larger role in these areas than in metropolitan regions. This trend is especially evident among children.

Impact on Rural

The 119th Congress is considering substantial federal Medicaid funding cuts alongside other damaging policy changes. These cuts would disproportionately harm rural communities, where Medicaid is a critical safety net.

Medicaid as a Lifeline for Rural Residents

Medicaid and CHIP are vital for non-elderly adults, children, and American Indian and Alaska Native residents in small towns and rural areas. Medicaid covers a larger share of rural residents compared to urban residents. These programs ensure access to essential services, such as preventive care, chronic disease management, and emergency treatments, in communities where healthcare options are often limited.

Rural populations depend on Medicaid at significantly higher rates than those in metropolitan areas. In six states—including New Mexico, Louisiana, and South Carolina—**more than 50% of children in rural areas are covered by Medicaid/CHIP**. Among non-elderly adults, at least 20% rely on Medicaid in 15 states, with the highest rates in Arizona (35.9%), New York (33.9%), and New Mexico (31.6%). For these individuals, Medicaid is often the only affordable healthcare option available.

Threats to Rural Healthcare Systems

Medicaid funding is critical for sustaining rural healthcare systems, including hospitals, clinics, and community health centers. A strong relationship exists between Medicaid coverage levels and the financial viability of hospitals. For example, the ACA's Medicaid expansion was associated with improved hospital financial performance and substantially lower likelihoods of closure, especially in rural markets and counties with large numbers of uninsured adults before Medicaid expansion. Nearly 50% of rural hospitals already operate at a loss, and further reductions in Medicaid funding would force many facilities to:

- Reduce or eliminate essential services
- Delay much-needed equipment upgrades
- Close their doors entirely
- Rural hospital closures would leave many residents without nearby health care access, forcing them to travel long distances for even basic treatments and emergency care.

Tribal Communities Face Heightened Vulnerability

American Indian and Alaska Native populations in tribal areas are particularly reliant on Medicaid. In counties like Pine Ridge Reservation in South Dakota and Apache County in Arizona, nearly two-thirds of seniors depend on Medicaid for their health care needs—far exceeding the national average. Cuts to Medicaid funding would disproportionately impact these communities, where geographic isolation and underfunded healthcare facilities already present significant barriers to care.

Increased Financial Burden on Families

Cuts to Medicaid would shift healthcare costs onto rural families, many of whom already struggle with financial instability. Without Medicaid, families would face higher out-of-pocket expenses, leading many to delay or forgo necessary treatments. This would worsen health outcomes, especially for those managing chronic conditions like diabetes, heart disease, and cancer.

NRHA Stance

NRHA opposes any reductions in federal Medicaid funding that would shift costs to rural families and providers, jeopardize rural health care systems, and worsen rural health outcomes. NRHA believes that Medicaid cuts would disproportionately impact rural areas, forcing families to delay or forgo necessary care and placing additional financial burdens on rural health care systems that already operate on thin margins.

NRHA advocates for the continued use and promotion of Rural Health Clinics, Federally Qualified Health Centers (FQHC), and FQHC look-alikes as essential safety net providers, alongside Community Health Workers, to serve uninsured and underinsured rural patients. Large cuts to Medicaid would undermine the health and economic stability of rural America. Policymakers must prioritize safeguarding Medicaid to protect these critical health systems and the communities they serve.