

## **Stand Up for Medicaid: A Call to Action    SVSU-Curtis Hall, May 6, 2025**

### **The Healthcare Landscape and Infrastructure -Threats Looming from Federal Cuts to the Medicaid Program**

Good evening, everyone.

My name is Sandy Lindsey, and I am the Chief Executive Officer at the Mental Health Authority in Saginaw County. My role at this event is to describe the impact on the health care landscape and infrastructure resulting from the loss of federal Medicaid dollars to our state and region.

The threats from the looming federal cuts to the State of Michigan's Medicaid Program are real. The cuts to the program being discussed in the US Congress starting tomorrow are huge, and so is the impact on beneficiaries and the health care system. Such cuts would jeopardize the health, independence, and financial stability of all Michiganders, including the more than 2.6 million people in our state who rely on Medicaid for essential care.

Medicaid programs in states across the country collectively represent the single largest payer of health care in the US.

The financing of Medicaid since the inception of the program in 1965, and since that time to present day the funding the program has been a shared responsibility between federal and state government. The amount of federal funding to states is based upon each state's average per capita income. In Michigan, the federal match on most of the Medicaid program is 65% but for states that entered into Medicaid Expansion, like ours, the federal match for this program is 90% federal funding.

Medicaid is the backbone of Michigan's healthcare system. It ensures access to critical services for some of the most vulnerable members of our communities.

- Over 1 million children receive health coverage through Medicaid, nearly half of all the children in our state.

- Michigan has one of the largest school-based Medicaid programs in the country. Cuts to Medicaid would reduce access to health services in schools, especially for students with disabilities and those in need of behavioral health support.
- Medicaid covers primary care prevention and the treatment of chronic diseases including diabetes, heart disease, cancer treatment just to name a few, including inpatient and outpatient care and prescribed medications.
- Over 168,000 Seniors depend on Medicaid for long-term services and supports, including nursing home care and home-based assistance.
- Over 300,000 People with disabilities including, mental health conditions and substance use disorders, use Medicaid to access services that help them live and work in their communities. The largest percentage of these people receive specialized services and supports from the public mental health system.
- Over 740,000 Low-income adults and working families depend on Medicaid to cover the cost of basic health care needs through the Healthy MI Program.

Last year, Medicaid covered the cost of 45% of all babies born in Michigan.

In rural Michigan, the percentage is even greater, as the cost of the majority of births in most rural counties are covered by Medicaid. This makes Medicaid a key financial support for maintaining obstetrics and pediatric services in these communities.

Medicaid helps to lower costs for beneficiaries, so they are not forced to go into debt to receive care. Bankruptcies for out of pocket catastrophic medical costs are real.

Without access to care, preventable medical conditions will go untreated. These situations can then escalate into emergencies, which are far more expensive and harder to treat.

### **Economic Impact:**

#### **(Content from Monique Stanton, President/CEO MI League for Public Policy)**

Beyond its importance to individual and public health, Medicaid is a major economic driver for Michigan. The program supports more than \$26.9 billion dollars in annual healthcare services, with over 70% of this funding provided by the federal government.

- Healthy Michigan alone has brought over \$1 billion dollars in federal funds into Michigan and supported more than 10,000 jobs.
- Michigan Hospitals receive nearly \$7 Billion dollars each year through the Medicaid Program, which accounts for almost one-fifth of the net revenue for hospitals in the state.
- Since the start of Healthy Michigan in 2014, hospital uncompensated care, has fallen dramatically – decreasing by more than 50%. These federal cuts could start increasing uncompensated hospital care overnight.
- Health care is one of Michigan's largest industries pumping \$77 Billion dollars annually into the state's economy and more than \$25 Billion into local communities.
- The State Budget Office has indicated that more than 29,400 Michiganders could lose their jobs due to the looming cuts to federal Medicaid.

The proposal in Congress to cut federal Medicaid by \$880 billion dollars over the next decade, as outlined in the U.S. House Budget Resolution, would be devastating for Michigan. The Michigan Department of Health and Human Services anticipates our state's share of these federal Medicaid cuts to exceed \$16 billion dollars through 2034.

In 2026 alone, our state would experience:

- \$2.2 billion in lost federal Medicaid funding.
- \$4.9 billion in lost economic output and
- \$2.9 billion in reduced state GDP (Gross Domestic Product)

The Michigan Medicaid Program makes up 33% of the total State Budget.

With 70% of Michigan's Medicaid funding coming from the federal government, the state does not have nearly enough General Fund revenue to back fill the loss of Federal Medicaid funding.

Cuts of this magnitude would force impossible choices—shrinking access to care, shifting costs onto state budgets and local providers, and threatening coverage for seniors in nursing homes, those receiving care for chronic health conditions, veterans, people with disabilities who need daily support, and working families who can't afford private insurance.

Worse still, the damage would not stop with those who rely on Medicaid. These cuts would destabilize the entire healthcare system.

- Hospitals birthing centers, mental health clinics, and nursing homes across Michigan depend on Medicaid to keep their doors open. If that funding disappears, many of these facilities will be forced to shut down, leaving entire communities without essential services.
- And when a hospital or clinic closes, it does not just close for Medicaid patients but for everyone. Whether someone has Medicaid, private insurance, or Medicare, it will not matter if there is nowhere to go for care.
- These closures could create healthcare deserts across the rural parts of our state, straining the remaining regional providers and putting all residents at greater risk with fewer options, longer wait times, and reduced access during emergencies.

These are not just statistics. This is data that represents real threats to our neighbors, co-workers, patients, and loved ones. Michigan simply cannot

absorb these funding losses without widespread and lasting harm to people and communities across the state.

This is why we gather for this event. To inform and educate you about these looming federal Medicaid cuts and to activate you to stand and be heard. To reach out to your US Congressional representative and to everyone you know, to oppose any federal budget or legislation that includes cuts to federal Medicaid.