

United States Senate

WASHINGTON, DC 20510

June 4, 2025

Mark Holmes, PhD
Center Director
Cecil G. Sheps Center for Health Services Research
The University of North Carolina at Chapel Hill
725 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27599-7590

Dear Director Holmes,

On May 22, 2025, Republicans in the U.S. House of Representatives passed a budget reconciliation package by a vote of 215 to 214. The legislation would cut nearly one trillion dollars in federal spending on health programs—while still adding trillions of dollars to the federal budget deficit. The independent, nonpartisan Congressional Budget Office estimates this bill and other regulatory actions by the Trump administration will lead to nearly 14 million Americans losing their health insurance and shifting billions of dollars in health care costs to states. In short, the House-passed budget reconciliation bill is expected to have substantial and devastating impacts to health care access for working families across America, particularly in rural communities. We are deeply concerned that these cuts will increase uncompensated care and make it more difficult for rural hospitals to continue providing services to all patients, paying workers, and keeping their doors open. We are writing to request your expert analysis to better understand the impacts – and contextualize the harm – of the Republicans’ budget bill on rural hospitals, which are a cornerstone of rural economies, and surrounding communities.

The health care provisions of the House-passed budget reconciliation bill would make significant cuts to Medicaid, the Affordable Care Act, and Medicare, further straining the financial viability of rural hospitals¹:

- 1. Medicaid.**

The bill makes the largest cuts to Medicaid in history, cutting at least \$700 billion in federal funding from the program over 10 years. The Republican legislation would end states’ abilities to enact state-level provider taxes, threatening the ability of hospitals to deliver care to seniors, kids, mothers, working families, and people with disabilities. States use provider taxes to fund their share of the Medicaid program, helping hospitals care for the most at-risk Americans in rural hospitals. On top of this, the Republican reconciliation bill would limit state-directed payments and make it harder for rural hospitals to provide maternity, emergency, and behavioral health care, or to stay open at all. Finally, the bill would lead millions of Americans to lose their Medicaid coverage, forcing

¹ Estimated Budgetary Effects of a Bill to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, the One Big Beautiful Bill Act, Congressional Budget Office (May 20, 2025), <https://www.cbo.gov/publication/61420>.

hospitals to take on additional uncompensated care and raising prices for all patients, regardless of their insurance status. CBO confirms that these Medicaid cuts would force states to take drastic actions to replace lost resources, including cutting payments to health care providers.²

2. **Affordable Care Act.**

The bill would cut more than \$350 billion from Affordable Care Act and fails to extend the enhanced premium tax credits that help families afford their Marketplace insurance. This will terminate health insurance coverage for small business owners, family caregivers, and millions of other Americans and further accelerate rural hospital closures. The Republicans' bill puts up new red tape barriers to purchasing health coverage through the Marketplace making it harder for Americans to sign up and keep their coverage. These changes will increase premiums for everyone who enrolls in the Marketplace. Millions of middle-income Americans and families will see their premiums double.³

3. **Medicare.**

The Republican bill will add more than \$2.3 trillion to the federal budget deficit, triggering more than \$500 billion in automatic cuts to the Medicare program.⁴ The GOP bill could also result in 1.4 million low-income seniors losing Medicaid coverage or having a harder time receive Medicaid services because the bill prevents a rule to streamline Medicaid and Medicare Saving Program (MSP) Determinations from going into effect.⁵ These additional Medicare cuts will further diminish hospital operating margins.

The magnitude of federal cuts to health programs will inevitably devastate health access for millions of Americans who will see their local hospitals forced to reduce services or close altogether.⁶ To help us better understand the devastation of these cuts, we are interested in the Sheps Center's expert analysis of how this bill will impact rural hospitals and the communities they serve. Please respond to the following questions in writing by June 11, 2025:

² Letter from Phillip L. Swagel, Director, Congressional Budget Office, to Senator Ron Wyden, Ranking Member, Committee on Finance, U.S. Senate, and Representative Frank Pallone, Jr., Ranking Member, Committee on Energy and Commerce, U.S. House of Representatives (May 7, 2025), https://www.cbo.gov/system/files/2025-05/Wyden-Pallone_Letter.pdf.

³ Jared Ortazila et al., *How Will the 2025 Budget Reconciliation Affect the ACA, Medicaid, and the Uninsured Rate?*, KFF (May 13, 2025), <https://www.kff.org/policy-watch/how-will-the-2025-budget-reconciliation-affect-the-aca-medicaid-and-the-uninsured-rate/>; Christen Linke Young, *Understanding Marketplace "Silver Loading,"* Brookings (May 9, 2025), <https://www.brookings.edu/articles/understanding-marketplace-silver-loading/>.

⁴ Letter from Phillip L. Swagel, Director, Congressional Budget Office, to Representative Brendan F. Boyle, Ranking Member, Committee on the Budget, U.S. House of Representatives (May 20, 2025), <https://www.cbo.gov/system/files/2025-05/61423-PAYGO.pdf>.

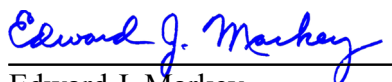
⁵ Letter, *supra* note 2.

⁶ Press Release, American Hospital Association, AHA Statement on House Reconciliation Legislation (May 21, 2025), <https://www.aha.org/press-releases/2025-05-21-aha-statement-house-reconciliation-legislation>.

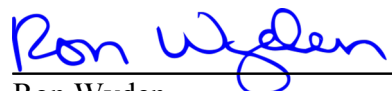
1. Which U.S. rural hospitals treat the highest share of Medicaid recipients? Please identify these hospitals by name, state, and congressional district.
2. How many rural hospitals are currently in financial distress or at risk of closure? Please identify these hospitals by state and congressional district and whether these hospitals are eligible for any Medicare rural hospital designation.
3. If the health care cuts in the House-passed budget reconciliation bill were to become law, would the rural hospitals with the highest share of Medicaid recipients or that are currently in financial distress face risk of closure or having to reduce services (including obstetric and behavioral health care, emergency room services, etc.)?

Thank you in advance for your attention to this important matter. We look forward to your prompt responses to our questions.

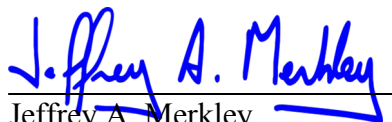
Sincerely,



Edward J. Markey
United States Senator



Ron Wyden
United States Senator



Jeffrey A. Merkley
United States Senator
Ranking Member, Committee
on Budget



Charles E. Schumer
United States Senator