

# FACT SHEET: **PRESCRIPTION FOR DISASTER: THE IMPACT OF PROPOSED MEDICAID AND CHIP CUTS ON CHILDREN'S HEALTH**



All children must have access to the health care they need to grow and thrive. As Congress debates budget reconciliation measures, alarm bells should be ringing for anyone concerned about the health and well-being of children. Current proposals would force hundreds of billions of dollars in cuts to Medicaid and the Children's Health Insurance Plan (CHIP). These cuts represent far more than abstract numbers on a budget spreadsheet – they threaten the health, development, and future prosperity of more than 37 million children who rely on Medicaid and CHIP for their health care.

- **Per Capita Caps: Arbitrary Limits on Care**

Medicaid per capita caps would impose rigid spending limits per enrollee, undermining the program's ability to address children's evolving health needs. Unlike adults, children require age-specific services — newborn intensive care, vaccinations, developmental screenings, and mental health support — that Medicaid currently guarantees. Caps would force states to ration care, risking reductions in critical benefits for children. This change would lead to fewer early interventions for disabilities, cuts to mental health services, and stifled innovation in pediatric care. States would lose the ability and support to respond to health crises, disease outbreaks, or to offer new treatments.

- **FMAP Reductions: A Direct Hit to Children's Care**

Cutting the Federal Medical Assistance Percentage (FMAP) would reduce federal funding for Medicaid, forcing states into untenable choices: raising taxes, slashing Medicaid benefits, or cutting other vital programs like education. These choices would likely result in reduced eligibility for children, elimination of optional benefits, and lower provider payments, pushing pediatricians and hospitals to limit Medicaid patients. Rural areas and states with higher poverty rates would bear the brunt, exacerbating existing health disparities. With many states already struggling post-pandemic, further FMAP cuts would destabilize Medicaid programs rather than strengthen them.

- **Reducing Provider Taxes Flexibility: Undermining Critical Infrastructure**

Limiting states' use of provider taxes to fund Medicaid would destabilize pediatric care infrastructure. These taxes on hospitals and other health care providers generate essential revenue for states to support providers such as children's hospitals and community clinics, which operate on thin margins while serving high proportions of Medicaid patients. Restrictions would force cuts to services, eligibility, or provider payments. States with limited tax bases would face acute challenges, risking financial instability for providers and reduced access to specialty care, particularly in underserved regions.

- **Work Requirements: Children's Care as Collateral Damage**

Work requirements for parents in Medicaid would indirectly harm children's coverage. When parents lose Medicaid due to rigid work thresholds, families often face a "chilling effect," with children becoming uninsured even if still eligible. Administrative complexities, caregiving responsibilities, and child care barriers prevent families from navigating enrollment processes. Parents with irregular jobs, caregiving duties, or rural employment challenges are disproportionately affected. Coverage gaps

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lead to delayed preventive care, unmanaged chronic conditions, and avoidable emergency visits, creating long-term health and economic disparities for children.

- **Repealing Access and Enrollment Protections: Creating Barriers for Children's Care**  
Rolling back Biden-era rules aimed at streamlining Medicaid/CHIP enrollment and access would erect barriers to care. Repealing protections against waiting periods, premium lockouts, and benefit caps for CHIP enrollees would disrupt coverage continuity. Eliminating these safeguards would increase administrative burdens, reduce provider networks, and worsen access disparities in rural areas. States would also lose accountability measures ensuring children receive timely, necessary services, exacerbating existing inequities in health outcomes.

Medicaid/CHIP cuts represent a misguided cost-saving strategy. Reduced coverage would increase emergency room visits, hospitalizations for preventable conditions, and untreated chronic illnesses, ultimately costing taxpayers far more than any short-term savings. These cuts would also widen health disparities, undermine children's developmental potential, and perpetuate cycles of poverty. Protecting Medicaid/CHIP is a critical investment in children's futures and the nation's long-term prosperity. The country will reap the greatest benefits from investing in things that will actually help children thrive and grow up healthy, such as:

- [\*\*Making CHIP permanent\*\*](#)
- [\*\*Allowing states to expand their CHIP eligibility levels via state plan amendment rather than waivers\*\*](#)
- [\*\*Expanding the 12-month continuous eligibility requirement to cover children from birth until age 6\*\*](#)
- [\*\*Removing barriers to health care coverage based on immigration status\*\*](#)
- [\*\*Improving the quality of and access to mental health services for children\*\*](#)
- [\*\*Ensuring hospitals are prepared to serve kids in the emergency room\*\*](#)

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