

June 24, 2025

Crain's Chicago Business

Op-Ed: Medicaid Cuts in Senate Bill Threaten Care, Access, and Jobs in Illinois

By A.J. Wilhelmi, President and CEO, Illinois Health and Hospital Association

Congress is considering a massive federal budget cut that would gut Medicaid by at least \$800 billion over the next decade—a move that would devastate healthcare access, eliminate jobs, and destabilize hospitals across Illinois. These proposed cuts are not abstract numbers—they represent a direct threat to the 3.4 million Illinoisans who depend on Medicaid and to the hospitals that care for them every day. If enacted, this legislation would unravel our essential care infrastructure and endanger lives in every corner of the state.

Illinois's most vulnerable residents, including children, older adults, low-income families, and people with disabilities rely on the Medicaid program for essential care. It is the backbone of our healthcare safety net. Hospitals across Illinois open their doors to everyone, regardless of ability to pay—and Medicaid helps make that possible. But now this lifeline is in jeopardy.

According to the nonpartisan Congressional Budget Office, nearly 11 million Americans could lose coverage if these cuts are enacted. While the "One Big Beautiful Bill Act" passed by the U.S. House faces opposition, the threat is very real. These provisions could still move forward in the Senate under the banner of deficit reduction or entitlement reform.

For Illinois, the impact would be severe and far-reaching. The Commonwealth Fund estimates our state could lose at least \$2 billion in Medicaid funding each year. Just one element of the proposal—a 10-percentage-point reduction in the Federal Medical Assistance Percentage (FMAP)—would alone cost Illinois more than \$800 million annually. The American Hospital Association estimates that each \$1 billion in Medicaid cuts over 10 years would cost Illinois \$2 billion in lost economic activity and more than \$71 million in lost tax revenue. Multiply that by the projected \$2 billion in annual cuts over 10 years, and the consequences become even more alarming.

Additionally, access to care will be restricted as this legislation leads to significant coverage losses for Illinoisans. KFF estimates that by 2034, more than 440,000 Illinoisans could be disenrolled from Medicaid. In rural communities alone, the American Hospital Association projects nearly 54,000 Illinois residents would lose coverage over the next decade.

The consequences of reductions at the level being considered in Washington would ripple across our entire healthcare system, striking hardest in areas already operating on the margins. In rural hospitals, where every dollar counts, these cuts would force painful decisions: scaling back services, laying off staff, or closing entirely. Many of these providers have already reduced

or eliminated critical care such as labor and delivery or behavioral health services. Additional cuts would further erode access and leave entire regions without viable options for care.

Moreover, the projected economic harm is staggering. Nearly 3,000 healthcare jobs could be lost in Illinois each year—totaling nearly 30,000 over a decade. When broader economic effects are included, the loss exceeds 300,000 jobs statewide over 10 years. These aren't just numbers on a spreadsheet—they represent real people in real communities: nurses, doctors, social workers, and frontline staff who provide vital care every day.

Make no mistake: someone will pay for these cuts. If the federal government steps back, hospitals and health systems will be left to pick up the tab. These cuts do not represent true cost savings; they are merely a cost shift—one that places an unsustainable burden on providers already under financial stress. Hospitals cannot continue to absorb more without consequences for care quality, access, and local economies.

Illinois hospitals remain committed to expanding access to care. We supported Medicaid expansion under the Affordable Care Act, and we continue to advocate for policies that protect patients and preserve healthcare in every corner of our state. Medicaid is not just a line item in the federal budget—it is the cornerstone of care for our most vulnerable residents and the foundation of our state's healthcare system. Slashing its funding would not only harm patients but also decimate local economies and push hospitals closer to collapse. Congress must reject any proposal that dismantles this essential program.