

**MEMO** *Published October 8, 2025 • 4 minute read*

# The Looming \$661 Billion Cut to Hospitals

**Darbin Wofford**



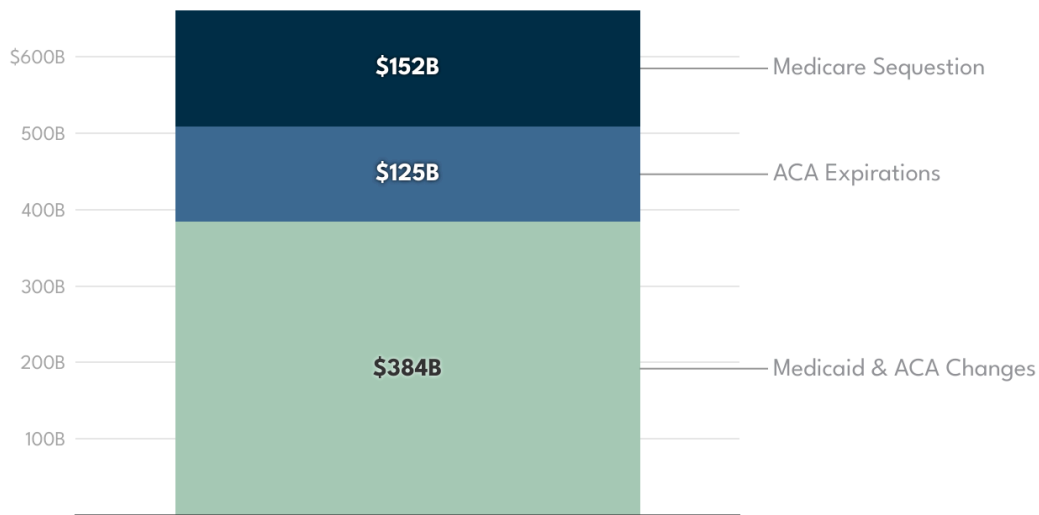
The cuts to Medicaid and failure to extend the Affordable Care Act tax credits will not only raise health care prices for Americans and take away health coverage—they will also decimate health care providers. No one is poised to see more of an impact than hospitals, and the numbers are shocking. In this memo, we show how hospitals are slated to see \$661 billion in cuts over the next decade as a result of Republican actions. Of that amount, rural hospitals are on pace to see cuts of \$125 billion.

# The \$661 Billion Cut to Hospitals

Broad Republican cuts to health care will have a dramatic effect on US hospitals over the next decade. Specifically, hospitals will see deep cuts from the following:

1. **ACA Tax Credit Expiration:** If Republicans let the ACA tax credits expire, hospitals will see a \$14.2 billion loss in 2026 from direct cuts and coverage losses of the patients they serve. In addition, hospitals will lose \$2.2 billion in uncompensated care costs from those who lose coverage. In total, hospitals will collectively lose \$16.4 billion in revenue in 2026. *Over the decade, hospitals will lose \$125 billion.*
2. **Medicaid Cuts & ACA Changes:** Earlier this year, Republicans cut Medicaid by nearly \$1 trillion and made harmful changes to the ACA Marketplaces. The law included several provisions that will reduce the number of people on Medicaid and the ACA by 10 million through burdensome work requirements and bureaucratic enrollment verification processes. *From the Medicaid cuts and ACA changes, hospitals will lose \$384 billion over a decade.*
3. **Medicare Sequestration:** Due to the \$2.3 trillion increase to the deficit from the Republican tax bill, Medicare is headed towards mandatory cuts, known as “sequestration,” that would cut the program by \$491 billion over the next 10 years. Without congressional action, all Medicare spending will be cut by 4% across the board. Because 31% of Medicare funding is allocated towards hospital payments, *this would mean a \$152 billion cut to American hospitals.*

## Hospitals Will Lose \$661 Billion from Republican Cuts to Health Care



Over ten years.

Source: Blavin, Fredric and Michael Simpson. "Changes in Health Care Spending and Uncompensated Care under Enhanced Tax Credit Expiration for Marketplace Coverage." Urban Institute, 25 Sep 2025. <https://www.urban.org/research/publication/changes-health-care-spending-and-uncompensated-care-under-enhanced-tax-credit>. Accessed 1 Oct 2025; Blavin, Fredric et al. "Rural Hospital Revenue Could Drop by \$87 Billion over 10 Years Because of the Reconciliation Bill and Expiring Enhanced Tax Credits." Urban Institute, 30 June 2025. <https://www.urban.org/urban-wire/rural-hospital-revenue-could-drop-87-billion-over-10-years-because-reconciliation-bill>. Accessed 1 Oct 2025; Levinson, Zachary, et al. "Key Facts About Hospitals." KFF, 19 Feb 2025. <https://www.kff.org/health-costs/key-facts-about-hospitals/?entry=overview-introduction>. Accessed 1 Oct 2025; Swagel, Phillip L. "CBO's Estimates of the Statutory Pay-As-You-Go Effects of Public Law 119-21." Congressional Budget Office, 15 Aug 2025. <https://www.cbo.gov/system/files/2025-08/61659-SPAYGO.pdf>. Accessed 1 Oct 2025.



## The \$125 Billion Cut to Rural Communities

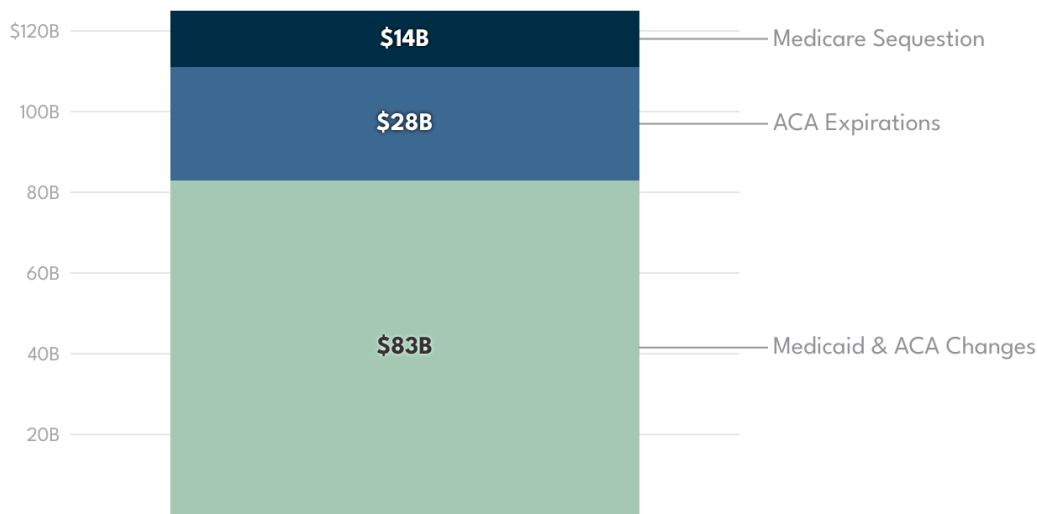
Amid the nationwide hospital cuts, rural communities in particular are poised to bear an outsized burden. Specifically, hospitals serving rural communities will see cuts from the following:

1. **ACA Tax Credit Expiration:** On average, rural hospitals account for 20% of all hospital revenues nationwide. *Out of the \$125 billion cut to hospitals over the decade if Republicans fail to extend the ACA tax credits, about \$28 billion would be lost by hospitals serving rural communities.*
2. **Medicaid Cuts & ACA Changes:** Out of the \$384 billion total loss to hospitals from cuts to Medicaid and changes to the ACA Marketplaces, rural hospitals will see losses hitting at \$83 billion. Overall, rural hospitals provide 20% more in uncompensated care than their urban counterparts, a number that will only increase when these cuts go into effect.
3. **Medicare Sequestration:** With 9% of Medicare hospital spending occurring in rural communities, the nearly \$500 billion in mandatory cuts to Medicare will reduce rural hospital funding by an *additional \$14 billion*.

Collectively, over the decade, rural hospitals are on pace to see cuts of \$125 billion due to Republican policies.

**What about the Rural Health Transformation Program?** While Republicans claim their \$50 billion rural fund will offset the losses from the Medicaid cuts, it is nowhere near enough to make up for the \$137 billion in rural cuts to all providers, not just hospitals. Further, there are no adequate targeting mechanisms outlining how this funding will be allocated. The Trump Administration has the final say on how much states will get in funding, meaning President Trump and Secretary Robert F. Kennedy Jr. can withhold money from Democratic states. States can also receive the same amount of support, regardless of size. That means Texas can receive the same as Wyoming, or California can receive the same amount as Vermont. Meanwhile, it does not specify the balance between how rural providers will receive funding between hospitals, health clinics, doctors' offices, etc.

## Republicans Cut Rural Hospitals by \$125 Billion



Over ten years.

Source: Blavin, Fredric et al. "Rural Hospital Revenue Could Drop by \$87 Billion over 10 Years Because of the Reconciliation Bill and Expiring Enhanced Tax Credits." Urban Institute, 30 June 2025. <https://www.urban.org/urban-wire/rural-hospital-revenue-could-drop-87-billion-over-10-years-because-reconciliation-bill>. Accessed 1 Oct 2025; "Acute inpatient services." Medicare Payments Advisory Commission, July 2021. [https://www.medpac.gov/wp-content/uploads/2021/10/July2021\\_MedPAC\\_DataBook\\_Sec6\\_SEC.pdf?utm\\_source=chatgpt.com](https://www.medpac.gov/wp-content/uploads/2021/10/July2021_MedPAC_DataBook_Sec6_SEC.pdf?utm_source=chatgpt.com). Accessed 1 Oct 2025.



## Who Pays the Price

Over a quarter of farmers, ranchers, or people that work in agriculture rely on the ACA for coverage. On average, premiums in rural areas are already 10% higher than in urban areas. And now, Republican cuts are decimating rural hospitals—with over 700 hospitals at risk of closure. As a result, emergency room wait times will increase, maternity wards will close, and people will be forced to travel further distances to access lifesaving care they need. In addition to hospitals, physicians, community clinics, and pharmacies will all be squeezed.



**Darbin Wofford**

Deputy Director of Health Care

Xdarbin.w