



Assessing the 50-State Medicaid Expenditure Impacts of the Senate Finance Committee Bill Compared to H.R.1

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Background

On June 16, the Senate Finance Committee (SFC) [released](#) its budget reconciliation legislation.¹ Several new policies in the SFC bill language would yield deeper Medicaid cuts than the House-passed legislation, [H.R.1 - One Big Beautiful Bill Act](#). (For more information on the SFC proposals, see our [June 18 expert perspective](#)).

Using its Medicaid Financing model, Manatt Health (Manatt) has prepared new estimates on the 50-state impact of the Medicaid provisions included in the SFC budget reconciliation legislative language. To facilitate a comparison of the impact of the Medicaid provisions in the House versus the Senate bills, Manatt also is providing herein revised estimates of H.R.1 to more precisely reflect how hospital taxes in these states will be treated under the “grandfathering” provision pursuant to each bill.²

SFC Provisions Modeled Below

As in prior estimates, Manatt’s Medicaid Financing model estimates shown in Table 1 reflect most of the key Medicaid provisions included in budget reconciliation language, including the impact of work requirements, six-month renewals, new restrictions on provider taxes and state directed payments (SDPs) for hospitals, and repeal of certain Medicaid eligibility simplifications. Notably, Manatt’s estimates do not reflect the impact of changes to provider taxes and SDPs for providers other than hospitals, nor do they address changes to standards designed to ensure that provider taxes are “generally redistributive.” In the past, Manatt has [shown](#) the expected impact of the modeled provisions as a range, based on potential variation in how work requirements are implemented. For the SFC language estimates for the states reflected in Table 1, Manatt has assumed the midpoint of this range.

Changes from H.R.1 in the SFC Legislative Language

The key differences between H.R.1 and SFC shown in Table 1 reflect changes in the proposed SFC language. First, is the treatment of provider taxes. H.R.1 establishes a moratorium on new or increased provider taxes. The Senate also imposes a moratorium but additionally lowers the 6% cap on grandfathered provider taxes by 0.5 percentage points per year beginning in federal fiscal year (FFY) 2027 down to 3.5% for expansion states. (Skilled nursing facilities and intermediate care facilities are exempt from this cap ramp down.) Second, H.R.1 grandfathered current SDPs. Under the Senate language, however, states would also need to reduce their grandfathered SDPs by 10 percentage points per year beginning in 2027 until the SDPs are no greater than 100% of Medicare for expansion states or 110% of Medicare for non-expansion states.

¹ The SFC has jurisdiction over tax policies and health programs under the Social Security Act, including Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP).

² Specifically, Manatt has done additional research for each of the states included in these modeling results to confirm whether their existing hospital taxes would be permitted to inflate annually (e.g., taxes set as a percentage of revenues from the most recent cost report year) or would be fixed at their current dollar amount (e.g., a fixed dollar amount per inpatient hospital bed day). In earlier modeling work, Manatt generally assumed that taxes would be fixed under the moratorium. By refining these assumptions and updating estimates for H.R.1 and the SFC language, Manatt’s estimates more accurately capture the marginal impact of the changes included in the SFC legislation.

50-State Impacts

Table 1 provides 50-state estimates (including D.C. but excluding Tennessee due to gaps in data) of the Medicaid expenditure impacts of the SFC language compared to H.R.1. For states with no or very low hospital taxes or without SDPs (or SDPs below Medicare), Manatt’s model estimates little to no additional impact of the Senate language. However, expansion states with higher hospital taxes (i.e., over 3.5% of net patient revenues) and states with SDPs in excess of Medicare (or 110% of Medicare for non-expansion states) will be most impacted, as those states would be required to ratchet down their grandfathered taxes and SDPs to comply with new limits in the SFC legislative language. Across both proposals, the basic structure of the tax—specifically whether the tax is structured as a fixed dollar amount (e.g., \$100 per inpatient bed day, which Manatt refers to as a “fixed” tax structure) versus a percentage of a tax basis that will increase annually with inflation (e.g., 5% of net patient revenues from the latest hospital cost report, referred to as a “floating” tax structure) – significantly influences the impact states would experience. Specifically, states with a fixed tax structure will be far more impacted than those with a floating structure since those taxes will not be permitted to grow annually with inflation.

Based on these estimates, 33 states are expected to experience an additional reduction in total Medicaid expenditures of 10% or higher under the Senate legislative language compared to H.R.1. Eight of those states would see additional Medicaid expenditure reductions of 30% or more.

State	Expansion State?	H.R.1	SFC Bill	Change in Cut Under SFC Bill	Percent Change in Cut Under SFC Bill
Total		(\$1,147,182)	(\$1,347,209)	(\$200,028)	17%
Vermont	Yes	(\$1,333)	(\$2,865)	(\$1,532)	115%
New Hampshire	Yes	(\$2,004)	(\$3,506)	(\$1,502)	75%
Virginia	Yes	(\$37,502)	(\$54,774)	(\$17,272)	46%
Kentucky	Yes	(\$29,959)	(\$41,794)	(\$11,835)	40%
Massachusetts	Yes	(\$23,084)	(\$31,317)	(\$8,233)	36%
Missouri	Yes	(\$16,627)	(\$22,089)	(\$5,462)	33%
Michigan	Yes	(\$33,383)	(\$43,444)	(\$10,061)	30%
Oregon	Yes	(\$27,076)	(\$35,132)	(\$8,057)	30%
Rhode Island	Yes	(\$4,229)	(\$5,450)	(\$1,221)	29%
Hawaii	Yes	(\$4,502)	(\$5,772)	(\$1,269)	28%
Washington	Yes	(\$34,564)	(\$43,862)	(\$9,298)	27%
Ohio	Yes	(\$41,013)	(\$50,380)	(\$9,367)	23%
Arizona	Yes	(\$47,559)	(\$57,709)	(\$10,150)	21%
New Mexico	Yes	(\$16,678)	(\$20,220)	(\$3,541)	21%
Utah	Yes	(\$5,976)	(\$7,180)	(\$1,203)	20%
Illinois	Yes	(\$45,594)	(\$54,537)	(\$8,943)	20%
New Jersey	Yes	(\$39,448)	(\$47,001)	(\$7,552)	19%

Table 1. Estimated Total Medicaid Spending Impact of Key Medicaid Provisions Included in the H.R.1 and SFC Legislative Language (\$ Millions), FFYs 2025 to 2034

State	Expansion State?	H.R.1	SFC Bill	Change in Cut Under SFC Bill	Percent Change in Cut Under SFC Bill
Texas	No	(\$27,711)	(\$32,886)	(\$5,175)	19%
Nevada	Yes	(\$10,924)	(\$12,954)	(\$2,030)	19%
Oklahoma	Yes	(\$15,382)	(\$18,030)	(\$2,649)	17%
New York	Yes	(\$94,916)	(\$111,089)	(\$16,173)	17%
Iowa	Yes	(\$11,384)	(\$13,266)	(\$1,882)	17%
Louisiana	Yes	(\$36,412)	(\$42,263)	(\$5,850)	16%
Colorado	Yes	(\$16,273)	(\$18,875)	(\$2,602)	16%
North Carolina	Yes	(\$37,476)	(\$43,398)	(\$5,922)	16%
Kansas	No	(\$2,720)	(\$3,107)	(\$387)	14%
Pennsylvania	Yes	(\$45,960)	(\$52,487)	(\$6,527)	14%
West Virginia	Yes	(\$6,502)	(\$7,375)	(\$873)	13%
Mississippi	No	(\$7,192)	(\$8,142)	(\$950)	13%
Connecticut	Yes	(\$19,075)	(\$21,583)	(\$2,508)	13%
Florida	No	(\$20,691)	(\$23,262)	(\$2,571)	12%
Georgia	No	(\$10,092)	(\$11,271)	(\$1,179)	12%
California	Yes	(\$230,790)	(\$255,692)	(\$24,901)	11%
Montana	Yes	(\$5,443)	(\$5,705)	(\$262)	5%
Minnesota	Yes	(\$16,923)	(\$17,544)	(\$621)	4%
South Carolina	No	(\$11,938)	(\$12,137)	(\$199)	2%
Delaware	Yes	(\$3,793)	(\$3,838)	(\$45)	1%
Indiana	Yes	(\$34,223)	(\$34,444)	(\$220)	1%
Maine	Yes	(\$5,922)	(\$5,922)	\$0	0%
Maryland	Yes	(\$22,706)	(\$22,706)	\$0	0%
Wyoming	No	(\$239)	(\$239)	\$0	0%
Alabama	No	(\$3,102)	(\$3,102)	\$0	0%
District of Columbia	Yes	(\$4,406)	(\$4,406)	\$0	0%
Idaho	Yes	(\$3,718)	(\$3,718)	\$0	0%
South Dakota	Yes	(\$1,418)	(\$1,418)	\$0	0%
North Dakota	Yes	(\$1,653)	(\$1,653)	\$0	0%
Nebraska	Yes	(\$4,313)	(\$4,313)	\$0	0%
Arkansas	Yes	(\$10,882)	(\$10,882)	\$0	0%
Alaska	Yes	(\$3,363)	(\$3,363)	\$0	0%
Wisconsin	No	(\$9,106)	(\$9,106)	\$0	0%