

Cuts in Medicaid Will Help Patients, Not Harm

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Introduction

U.S. media headlines are replete with dire warnings about proposed cuts to the Medicaid program by Congress and the Trump administration [1,2]. One news outlet warned “health insurance for millions is now on the chopping block” [3]. Bernie Sanders, Senator and emerging leader of the Democrat party, exclaimed that Medicaid cuts will “cost lives” [4].

Democrats and their complicit media have it exactly backwards. Rather than producing grave harm, cuts in Medicaid will greatly benefit the public. They will reduce federal spending and increase access to medical care for enrollees in both Medicaid and CHIP (Children’s Health Insurance Program).

Fiscal Benefits

Despite the invidious attacks on the DOGE and the cowardly violence against Tesla vehicles, the public wants what DOGE is doing: to cut whatever federal spending fails to produce good value for the American people.

There were 79.6 million Americans enrolled in Medicaid in 2024. Most were healthy individuals generating minimal medical expenditures in contrast to the “medically vulnerable” persons for whom the program was intended. Millions of current enrollees are able-bodied adults who, along with their family members, became eligible for Medicaid when they couldn’t work and lost their employer-supported health insurance due to COVID lockdowns [5]. According to the Bureau of Labor Statistics, at least 63 percent have returned to work [6]. Cutting them

from Medicaid rolls should pose no difficulty for them but would reduce Medicaid costs.

In 2024, 71.6 million adults and 7.3 million children (24 percent of the U.S. population) were enrolled in Medicaid and CHIP respectively. Washington spent \$817.7 billion (12 percent of the federal budget) on Medicaid, slightly less than the entire budget for Department of Defense (\$842b). This calculates to \$10,351 per enrollee. Since the vast majority were healthy, much of the nearly one trillion dollars expended did not produce value, i.e., needed care for medically vulnerable individuals—the reason Medicaid exists. Studies confirm that 31 percent to more than fifty percent of U.S. healthcare spending produces no medical care [7,8]. Rather, it is spent on BURDEN (bureaucracy, unnecessary rules and regulations, directives, enforcement, non-compliance activities) [9].

Based on both simple arithmetic and scientific evidence, DOGE-like cuts to Medicaid are fiscally responsible. There is, however, a greater benefit to Medicaid cuts than saving money. Cuts will increase access to care. Yes, increase access!

Medical Gains

Evidence confirms an inverse relationship, called the “seesaw effect,” [10] between the number of persons enrolled in Medicaid/CHIP and availability of care as measured by (a) wait times for care and (b) acceptance rate, i.e., number of providers willing to accept new Medicaid patients into their practices [11].

Expansion of Medicaid enrollment by the ACA increased maximum average wait time to see a primary care doctor in a mid-sized American city from a medically dangerous 99 days to 122 days [12,

11]. Biden further increase in Medicaid rolls raised the maximum wait time to an unconscionable of 132 days [13]. One third of doctors nationally no longer accept Medicaid patients. In Texas, less than half do because of the excessive bureaucratic burden and low payment schedules, often below providers’ cost-of-doing-business [14].

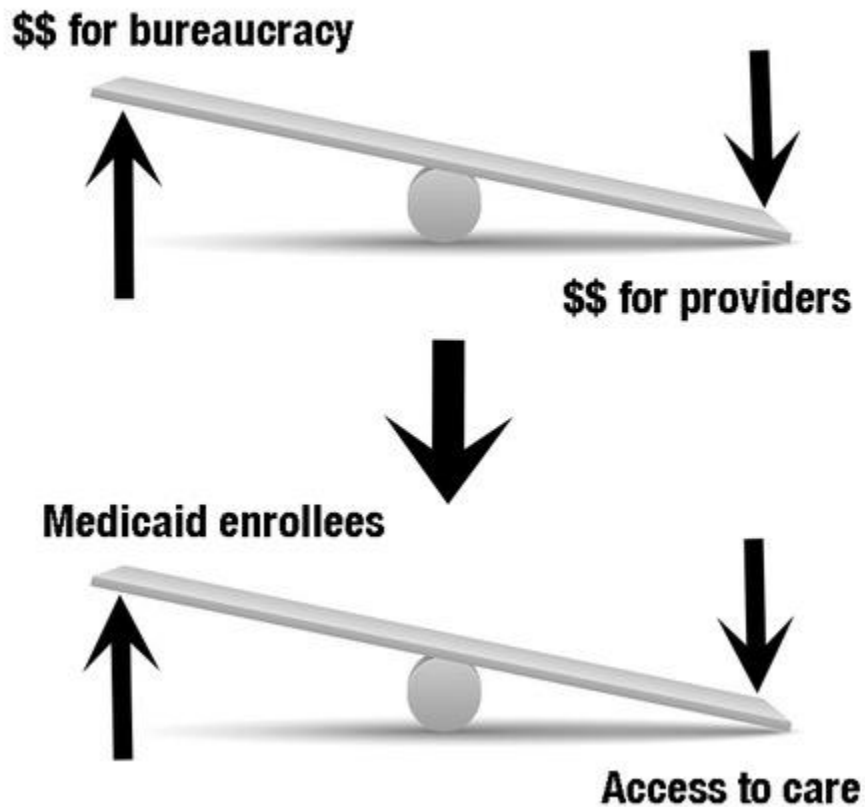
Another demonstration of inadequate Medicaid access to care is death-by-queue [15], reported in Illinois Medicaid [16] and no doubt present elsewhere. People with government-supplied health insurance have policies but cannot get care in time to save them: they die waiting in line (a queue) for care. This phenomenon has also been reported in the other large government health insurance program, Tricare, where “47,000 veterans may have died” waiting for care. [17].

The seesaw effect indicates the following: *as the number of Medicaid enrollees goes up, access to care goes down* [18].

The reason for this adverse impact is bureaucratic diversion. As Medicaid rolls are expanded, more healthcare dollars are diverted to pay for bureaucracy, both government and insurance, leaving less money to pay providers (see upper half of Figure). For instance, President Obama took \$716 billion [19] from the Medicare Trust, funds intended to pay for seniors’ in-hospital care, and used that money to defray the \$1.76 trillion cost of ACA infrastructure.

As more people are enrolled in Medicaid/CHIP, more money goes to bureaucracy – government and insurance – leaving less to pay providers. As there is insufficient money for care, access to care goes down: wait times go up and acceptance rates go down (see lower half of Figure).

Figure: Two Seesaws in Healthcare



Conclusion

After bad news above, there is good news: seesaws can go both ways. When the left side of a seesaw goes up, the right goes down. But, if the left side goes down, the right will go up. Apply that reversal to the Figure. As Medicaid rolls are cut, more money becomes available to pay providers and access to care goes UP.

Both the gains in access to care and improved dollar efficiency of federal spending due to Medicaid cuts are unsurprisingly absent from reports emanating from legacy media.

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