



Education | Healthcare | Public Services

## The Impact of Medicaid Cuts on Hospitals and the Economy

To try to get a sense of the scale of the cuts being discussed in Congress, we focused on two different proposals to cut Medicaid, by 30 and 54 percent, respectively.

### The Proposals

First, the upcoming Trump administration has created a so-called Department on Government Efficiency, which is not an actual government department, but an advisory effort that seeks to cut the federal budget by 30 percent (source: [BBC](#)). Because DOGE only has an advisory role, we do not know if Congress will implement its proposals, but if they do go into effect, we estimated the impact of a 30 percent cut to the federal budget applied equally to Medicaid.

Second, the GOP in the House of Representatives has a "Republican Study Committee" that has proposed a 53.7 percent cut, relative to the Congressional Budget Office's February 2024 baseline spending levels for Medicaid, the Children's Health Insurance Program and Affordable Care Act marketplace subsidies for fiscal years 2025-2034. We have estimated the impact of a 53.7 percent cut as well.

### The Impact of Medicaid Cuts

These reductions would have major impacts on hospitals. For example, there are approximately 1.75 million registered nurses employed in American hospitals (cite: [BLS](#)). Given that we know 19 percent of hospital budgets come from Medicaid, we can estimate that 19 percent of the dollars that pay for these nurses also come from Medicaid. If that revenue were cut by 30 percent, it would mean a 5.7 percent overall cut to hospitals' funding. Applied equally across all hospital jobs, a 30 percent cut would mean 5.7 percent fewer nursing jobs, which is equal to 99,711 nurses out of work nationally. A 53.7 percent cut would equal 178,483 nursing jobs (with 53.7 percent of the 19 percent share equaling 10.2 percent of hospital spending on nurses).

---

The AFT is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

Randi Weingarten  
PRESIDENT

Fedrick C. Ingram  
SECRETARY-TREASURER

Evelyn DeJesus  
EXECUTIVE VICE PRESIDENT

AFT, AFL-CIO • 555 New Jersey Ave. N.W. • Washington, DC 20001 • 202-879-4400 • [www.aft.org](http://www.aft.org)



It is possible that hospitals could find other revenue or take steps to protect frontline staff, thereby minimizing the job loss. Similarly, if Medicaid funding is cut, the subsequent job losses would happen over a number of years. Even with these caveats, there's no escaping that cuts would have a major impact on hospitals. The table below gives a sense of the devastation that new federal austerity measures would pose across the kinds of jobs that AFT Nurses and Health Professionals members hold. And AFT NHP has many members working in hospitals that are more dependent on Medicaid than average, meaning these hospitals could face deeper cuts.

□

**Potential Hospital Jobs Lost in AFT Nurses and Health Professionals Occupations from GOP Proposed Medicaid Cuts**

Job Title	Current Jobs	Jobs Threatened by a 30 percent cut	Jobs Threatened by a 53.7 percent cut
RNs	1,749,320	99,711	178,483
Nursing assistants	410,930	23,423	41,927
<b>Building and grounds maintenance</b>	177,160	10,098	18,076
<b>radiology techs</b>	129,340	7,372	13,197
<b>Respiratory therapists</b>	98,060	5,589	10,005
LPNs/LVNs	84,870	4,838	8,659
Surgery techs	75,160	4,284	7,669
Nurse practitioners	61,740	3,519	6,299
<b>Total</b>	<b>2,786,580</b>	<b>158,835</b>	<b>284,315</b>

## **Patient Care**

If Medicaid cuts of this magnitude are allowed, care will be impacted. While there may be some decline in people seeking primary care, due to no longer being enrolled in Medicaid, there will be an increase in emergency room activity. Our experience tells us that the resulting outcome of higher acuity, coupled with fewer staff, will result in tragedy.

## **The Economy**

Medicaid cuts to hospitals will also have broader impacts on the economy. When nurses, doctors and other healthcare workers are paid, they spend the money in the broader economy, creating jobs and growth. Think of this as the jobs and economic activity lost when unemployed hospital workers can no longer afford to eat out, buy fewer clothes, or put off getting a new car or doing a home repair. New tax cuts can, in theory, have the potential to partially offset these job losses, but the cuts to Medicaid would go primarily toward extending existing tax cuts. We estimate that for every dollar cut to Medicaid there is \$1.70 in lost economic activity (Cite: [EPI](#)). That includes the cuts in hospitals and the broader economic impact. We estimate that DOGE's proposed 30 percent cut could directly cost 325,719 hospital jobs (this includes all hospital staff beyond those listed in the above chart) and another 210,642 nonhospital jobs. The impact of the Republican Study Committee Medicaid cuts of 53.7 percent would take 583,037 hospital jobs and 377,200 jobs would be lost in the broader economy.