Medicaid Cut Mitigation Strategies
AMGA Virtual Executive Roundtable Summary
September 17, 2025

The AMGA Hospital & Health System Advisory Committee convened system CFOs, physician executives, and health leaders to discuss **mitigation strategies for the sweeping Medicaid cuts** introduced under the recently signed H.R. 1/OB3 legislation. The bill is projected to **cut $1 trillion from Medicaid over the next decade**, with **11.8 million people losing coverage by 2034** due to tightened eligibility and work requirements.

Cuts will also freeze or reduce provider fees and cap state-directed Medicaid payments at Medicare rates between 2028 and 2032.

Key Themes & Takeaways

1. **Scale of the Threat**
    - Large systems project **billions in annual revenue losses starting in 2027–2028** if no action is taken.
    - For smaller systems and rural providers, the impact was described as an **existential threat**, with hospital closures already anticipated in states like Kentucky.

2. **Mitigation Strategies Shared**
    - **Advocacy:** Coordinated lobbying to soften or reverse provisions before implementation. Leaders emphasized framing the impact in terms of patient access and community health.
    - **Patient Engagement:** Direct outreach to Medicaid patients during care encounters to educate and assist with reenrollment. Many systems found success using electronic communication (smartphones, email) and partnerships with Federally Qualified Health Centers (FQHCs).
    - **Payer Mix Adjustments:** While some systems pledged not to reduce Medicaid volume, most acknowledged the need to **increase commercial patient volume** to balance financial losses. Others indicated Medicaid access may need to be limited if unsustainable.
    - **Efficiency Measures:** Deep cost-cutting in administrative overhead, supply chain, perioperative care, and revenue cycle. Several systems referenced workforce reductions or consultant-driven efficiency programs.
    - **Service Rationalization:** Systems may consolidate or reduce services in specific markets to preserve core mission while maintaining solvency.
    - **Commercial Payer Partnerships:** Negotiating with private insurers to share the burden, since network shrinkage would also harm them.
    - **Alternative Funding & Programs:** Maximizing 340B savings, pursuing rural transformation grants, leveraging Medicaid Disproportionate Share Hospital (DSH) payments, and delaying capital projects were common themes.

3. **Market-Specific Impacts**
    - Systems emphasized that **effects vary by state**. Expansion states like Illinois may fare differently than non-expansion states like Wisconsin. California systems with large Medi-Cal exposure expect severe strain.
    - Non-expansion states like Florida reported more insulation, but leaders still see risk in capital planning and long-term competitiveness.

4. **Results & Early Actions**
    - **CommonSpirit Health** modeled multibillion-dollar annual losses and has already begun advocacy, patient engagement efforts, and payer negotiations.
    - **UW Health** reported working with vendors to prequalify patients for Medicaid and targeting waste reduction (estimating at least a 20% opportunity).
    - **Jefferson Health** launched 24 efficiency workstreams across labor, clinical, and administrative areas.
    - **CentraCare (MN)** reduced its workforce in August 2025 to protect frontline care, while simultaneously investing in rural workforce pipelines via a new medical school campus.

Outcomes Highlighted

- **Projected Losses:** $1 trillion in Medicaid cuts; 11.8 million people disenrolled by 2034.
- **Immediate Actions Taken:** Workforce reductions, capital deferrals, and service consolidations already occurring.
- **Shared Best Practices:** Early patient outreach during care, expanded FQHC partnerships, leveraging 340B programs, and aggressive advocacy campaigns.
- **Common Understanding:** Cuts cannot be "waited out." Leaders agreed that planning and implementation must begin now to avoid catastrophic disruption.

Overall Conclusion

The discussion underscored that Medicaid cuts pose a **systemwide financial and operational crisis**. Health systems are pursuing **multipronged strategies—advocacy, patient engagement, efficiency gains, payer diversification, and service rationalization**—to navigate the threat. The consensus: **proactive action now is essential to sustain mission and access** in the face of unprecedented retrenchment due to Medicaid cuts.