

**TO:** Interested Parties  
**FROM:** Plymouth Union Public Research  
**SUBJECT:** A Policy and Political Remedy to the Left's Medicaid Attack  
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On July 4, 2025, President Trump signed H.R. 1, the One Big Beautiful Bill Act of 2025 (OB BB), into law. The bill advanced several of the President's biggest priorities, including lowering taxes, expanding domestic energy production, and securing funding for new barriers along America's southern border.

In addition to accomplishing those aforementioned goals, Republicans in Congress used the bill as an opportunity to reduce deficits by reducing mandatory spending. Those cuts primarily came in the form of \$1 trillion in spending reductions from the Medicaid health care program. Republicans made commonsense reforms that, on their own, the vast majority of voters agree with, like work requirements.

The following report explores why Republicans decided to enact these health care spending reductions, potential public health impacts, political ramifications, and finally, how Republicans can mitigate those negative effects by extending tax credits for Americans who purchase private health care.

***Republicans have an opportunity to turn what is a necessary series of reforms to a broken system into a political and policy unifier.***

## **REPORT RESULTS AND KEY TAKEAWAYS**

- The rapid growth of Medicaid participation and associated costs over the last three decades made the program a prime target for reform and reductions.
- Provisions in the Republican One Big Beautiful Bill Act will reduce Medicaid spending by \$1.042 trillion over ten years.
- This laudable effort to return Medicaid to its original scope may cost the GOP politically.
- The bill will result in up to 7.8 million people losing coverage over ten years.
- Medicaid is nationally popular and even with voters who are not directly impacted by changes oppose Medicaid cuts, making them problematic for Republicans, despite the necessary nature of the reforms.
- Extending enhanced premium tax credits is a market-based solution for the GOP.
- Enhanced credits mean 2.2 million more Americans with health coverage in 2026.
- Enhanced credits would also prevent premium hikes for over 21.3 million Americans and would protect the savings from the OB BB from being wiped out
- There is broad bipartisan support for the tax credit and its extension.
- Republicans who support extending the tax credit and using the market as a landing spot for workers formerly on Medicaid would increase their political support in what could be a tough political environment. Research continues to demonstrate that voters do not understand the problems with the program, so the benefit of the doubt goes to keeping Medicaid strong, despite its well-documented failures.
- The key to keeping control of Congress and preventing endless investigations from Democrats against President Trump is extending the tax credits.



## MEDICAID'S RAPID GROWTH IN THE LAST THREE DECADES

Medicaid is the federal government's health coverage program for low-income Americans. Following a period of rapid participation growth in recent decades, Medicaid has surpassed Medicare for the elderly to become the country's largest health care coverage program.

Today, [71.258 million Americans](#) are dependent on Medicaid for their health care coverage (table below). In both nominal and population-adjusted measures, participation in the Medicaid program has exploded in recent years.

- Since 1990, enrollment in Medicaid has increased by 48.4 million people.
- Total Medicaid enrollment increased by 211% in 35 years.
- In population-adjusted terms, the Medicaid health program more than doubled in size and now covers 20.8% of all Americans as opposed to 9.2% in 1990.

A more detailed snapshot of Medicaid participation numbers every five years since 1990 tells the story of consistent expansion. While there have been spikes and dips in enrollment due to recessions and the COVID-19 pandemic, the overall trend clearly points to steadily rising enrollment.

Democrats sought to constantly expand the program rather than ensure controls for quality to protect the most vulnerable who need a high-quality Medicaid program. Democrats created a vulnerable, broken program that was turning into a program to serve all rather than a program to serve the vulnerable. Republicans made commonsense reforms, but now must deal with the damage Democrats caused through never-ending expansion.

### Medicaid's Rapid Enrollment Rise: 1990 – 2025

YEAR	MEDICAID ENROLLMENT	5-YEAR CHANGE	PERCENTAGE GROWTH
1990	22,900,000	n/a	n/a
1995	34,200,000	11,300,000	49.3%
2000	34,500,000	300,000	0.9%
2005	46,500,000	12,000,000	34.8%
2010	54,600,000	8,100,000	17.4%
2015	68,900,000	14,300,000	26.2%
2020	72,995,197	4,095,197	5.9%
2025	71,258,215	-1,736,982	-2.4%

*Sources: Centers for Medicare and Medicaid Services and the U.S. Census Bureau*

The rapid growth of Medicaid over the last few decades has naturally been associated with an increase in program costs. In 2024, Medicaid cost the federal government \$618 billion, according to the Congressional Budget Office.<sup>1</sup> Medicaid is now the fourth largest single government expenditure behind Social Security (\$1.45 trillion), Medicare (\$910 billion), and national defense (\$855 billion).<sup>2</sup>

The staggering growth has pushed the program beyond its original scope. The cost associated with the program predictably drew attention from policymakers who were concerned about both the long-term sustainability of Medicaid and its impact on deficit spending.



## REPUBLICAN ONE BIG BEAUTIFUL BILL MAKES MAJOR MEDICAID REDUCTIONS

When Republicans passed tax reform in the Tax Cuts and Jobs Act of 2017, the bill focused solely on tax reduction, not on reforming spending or cutting the deficit. As many of those individual tax policies were set to expire at the end of 2025, Congress planned another partisan bill to renew tax cuts. Republicans are determined to cut spending to partially offset this version of tax reform.

Against the backdrop of a devastating \$36.2 trillion national debt<sup>3</sup> in the first quarter of 2025, Congressional Republicans made the policy decision to add mandatory spending reductions to legislation that would extend the individual tax cuts approved in 2017. To reform mandatory spending and reduce the deficit, the One Big Beautiful Bill Act (OBBB) included cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

Medicaid faced the most reforms of any program in OBBB. The bill includes two dozen different provisions that modify Medicaid, most of which will result in significant spending reductions to the program.

According to CBO, Medicaid will face spending reductions totaling \$1.042 trillion over the next ten years.<sup>4</sup> Republican policies in OBBB that reduce federal health care spending include:

- \$325 billion in savings from removing adults from Medicaid if they do not work or look for work after 90 days of participation.
- \$191 billion in savings to state Medicaid accounts by capping provider taxes.
- \$167 billion in savings by stopping Biden rules to increase eligibility.
- \$149 billion in savings to state-directed Medicaid payments.
- \$63 billion in savings from increasing the frequency of eligibility determinations.

Before Republicans' Medicaid reforms, there were an estimated 1.4 million non-citizen enrollees, 6.6 million in ineligible enrollments, and billions in fraudulent state spending in the Medicaid program.

Provisions in OBBB aimed to address the waste, fraud, and abuse in Medicaid by tackling fraudulent payments and tightening eligibility requirements. The bill will reduce funding for states that illegally enroll non-citizens and require able adults who are not parents of children under 15 years old to work or look for work. The legislation reins in wasteful state spending by reducing funding where fraudulent state overpayments increase and requiring proper and frequent eligibility reviews.

Even after these reforms, Medicaid spending will continue to increase next year and every year thereafter. Polls show those facts may not be enough to make these Medicaid cuts appealing to voters.

While these laudable efforts will reduce unnecessary spending and ensure states operate their programs responsibly, Republicans will likely face a heavy political cost if they cannot show voters that they have a plan to replace lost health care coverage.

## NECESSARY REPUBLICAN MEDICAID CHANGES WILL IMPACT 7.8 MILLION

The result of the necessary reforms to Medicaid from the Republicans' One Big Beautiful Bill legislation will mean millions of Americans will now need a market-based solution to obtain coverage.

According to independent analysis from CBO, **7.8 million will be impacted by the reconciliation package** passed by Republicans.<sup>5</sup>



These 7.8 million Americans will now need to utilize a market-based solution for a variety of reasons:

- 4.8 million Americans will lose Medicaid coverage because of new requirements for Medicaid recipients to do work-related activities at least 80 hours a month.
- 2.2 million who will lose coverage because of less state funding and more frequent eligibility reviews.
- 1.4 million will lose their eligibility because of new citizenship rules.
- Around 600,000 will fall under more than one of these categories.

These coverage losses will be felt directly by people under 138% of the federal poverty line, or \$44,367 for a family of four in 2025.<sup>6</sup> The political impact, however, would stretch far beyond just those losing their individual coverage due to Medicaid's popularity.

## **THE POPULARITY OF MEDICAID MAKES CUTS POLITICALLY PROBLEMATIC**

Medicaid is a highly popular program with participants because it provides nearly comprehensive medical coverage. It has also proven to have a very high favorability among Americans from every political background. OBBB's cuts to the program have spurred new polling interest, and the results demonstrate widespread support for the program.

- 83% of Americans have a favorable view of Medicaid.<sup>7</sup>
- That 83% includes overwhelming majorities of Democrats (93%), independents (83%), as well as Republicans (74%).<sup>8</sup>
- 69% of Americans say at some point in their life they, a family member, or a close friend has been covered by Medicaid.<sup>9</sup>

Polling shows that not only do millions of Americans feel the impact of these cuts through coverage losses, but the Medicaid program cuts will even reach voters who aren't on the program. Even Americans who are not directly impacted will tend to oppose \$1 trillion in Medicaid cuts, resulting in 7.8 million Americans losing health coverage.

Democrats across the country are already focusing on the fact that Medicaid funding and coverage cuts are unpopular. The Democratic National Committee has begun making this a headline issue going into the 2026 midterm elections.

Republicans in Congress clearly know that Medicaid cuts are emerging as the biggest issue in the 2026 midterms. Elected officials who voted for the bill and its coverage reductions are already backtracking and withdrawing their support for the cuts in the media.<sup>10</sup> Unless Republicans can provide a credible policy alternative that helps Americans find health coverage, the 2026 midterms will present major challenges.

## **CONGRESSIONAL REPUBLICANS MUST COUNTERBALANCE MEDICAID CUTS**

Republicans still have an opportunity this year to help more Americans access health care coverage in a market-oriented way. By extending the enhanced premium tax credit for private health insurance coverage, Republicans in Congress could significantly offset the coverage losses due to Medicaid reforms.

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According to CBO, the GOP could increase coverage by extending current premium tax credits as follows:<sup>11</sup>

- 2.2 million more people will be covered by private insurance in 2026.
- 3.7 million more people will be covered by private insurance in 2027.
- 3.8 million more people will be covered by private insurance in 2028.

These enhanced premium tax credits that were passed by Congress in 2021 are set to expire at the end of 2025, similar to the 2017 tax cuts before Republicans passed OBBB. The enhanced premium tax credits give Congress a credible way to demonstrate their commitment to health care in this country in a cost-effective, market-based manner.

Furthermore, the OBBB addressed waste, fraud, and abuse in the individual markets by requiring premium tax credit eligibility verification, limiting credits for citizens and lawful residents, and instituting guardrails during enrollment, ensuring a more responsible marketplace for individuals to gain coverage.

Extending the tax credits is a relatively inexpensive way to provide health care coverage. The tax credit helped 21.3 million Americans pay for health insurance at a cost of \$107 billion in 2025. Compared to Medicaid, the program helps Americans obtain private insurance coverage while spending \$3,640 – or 42.5% – less annually per enrollee.

HEALTH COVERAGE PROGRAM	ENHANCED PREMIUM TAX CREDITS	MEDICAID
Participants	21,300,000	71,300,000
2025 Federal Cost	\$107,000,000,000	\$618,000,000,000
Cost Per Participant	\$5,023	\$8,668
Market-Based Private Coverage	Yes	No

*Sources: Centers for Medicare and Medicaid Services and the U.S. Census Bureau*

Enhanced premium tax credits provide a cost-effective, private alternative to government health care. Republicans should ensure that these tax credits are continued before the end of the year in order to prevent premium increases for over 21.3 million Americans and increase health coverage by 2.2 million going into the 2026 midterm elections.

## HIGHER PREMIUMS WILL NULLIFY OBBB BENEFITS FOR WORKING AMERICANS

President Trump fought to extend the 2017 tax cuts to ensure that working Americans were not hit with a huge tax hike in 2026. Unfortunately, data shows that the expiration of enhanced premium tax credits on January 1, 2026, will increase health care costs to a level that will counteract the tax benefits of OBBB for over 20 million people.

**Nullifying Tax Cuts:** By preventing the expiration 2017 individual tax rate cuts, OBBB will reduce taxes on the average American household by \$2,100 in 2026.<sup>12</sup> The \$5,023 increase in health care costs if premium tax credits expire would not only negate that tax cut, but it would result in a combined net tax increase of \$2,923 next year.

**Nullifying Wage Increases:** According to Treasury Secretary Scott Bessent, once fully implemented, OBBB will “allow the average worker to keep an additional \$4,000 to \$7,200 in annual real wages.”<sup>13</sup> These statistics



are based on a recent study by the President Trump’s Council of Economic Advisors (CEA), which found the combined tax cuts would result in an increase in annual wages after four years would average around \$5,600.<sup>14</sup>

A boost in wages of that size over four years will be completely offset by increased health care costs if enhanced premium tax credits expire, since the average one-year enhanced premium tax credit benefit is projected to be \$5,023 in 2025 alone.

### **OBBB BENEFITS NULLIFIED BY EXPIRING PREMIUM TAX CREDITS**

Median Household Tax Cut under OBBB in 2026	\$2,100
Average Tax and Wage Boost OBBB after Four Years	\$5,600
<b>Average 2026 Premium Increase if Enhanced Credits Expire</b>	<b>\$5,023</b>

The individuals who will see huge health care premium increases next year if enhanced credits expire are low- and middle-income workers earning anywhere between \$15,000 and \$62,000 per year.<sup>15</sup> These are exactly the people that OBBB intended to help. Instead of raising costs for these voters, Republicans should extend premium tax credits and help those losing Medicaid move to private coverage.

### **DATA FROM TRUMP POLLSTER SHOWS BENEFITS OF PRIVATE HEALTH CARE**

Recent polling from President Trump’s own pollster [shows](#) Republicans have the ability to gain an advantage against Democrats in the 2026 midterms by leveraging premium tax credits as a landing spot for working-aged Medicaid enrollees.

While the 2024 outcome for these districts was even, the generic Republican is -3% among all registered voters and down 7% among those most motivated to vote.

Republicans are also less motivated to vote than Democrats (42-49%), but implementing healthcare premium tax credits could be the solution: Support for premium tax credits and their extension among Trump voters is overwhelmingly supported (68%). Swing voters support premium tax credits and their extension at a rate of 78%.

Among Independents, the Republican candidate started out trailing by 2%, and when supporting this policy, leads by 12%.

While the Republican candidate trails on the initial generic ballot, by supporting the Medicaid to individual market shift, the Republican leads the Democrat by 6%.

There is an incentive for Republicans to act on extending the tax credit soon. Voters on the individual insurance marketplace voted for Trump by 4%. Republicans who support extending the premium tax credit would lead a Democrat on a generic ballot by 6% overall, and among those most motivated to vote by 4%.

Inversely: Republicans who let healthcare premium tax credits expire trail the Democrat by 15%.



## REPUBLICANS ALREADY FACE AN UPHILL BATTLE IN 2026 MIDTERMS

The Republican Party holds slim majorities of three votes in both the House and Senate and faces serious political headwinds next year. In addition to the unpopularity of Medicaid cuts in OBBA, there are a number of factors that point to a difficult midterm election for the GOP in 2026.

Losing the House and/or Senate would be a significant blow to President Trump's agenda. First and foremost, losing either chamber of Congress would effectively end the President's legislative agenda. That is because any major legislation needs to move through budget reconciliation to avoid a filibuster. That requires GOP control of the House and Senate.

Democratic majorities would also bog down the White House in a series of endless investigations and subpoenas. If Democrats control the Judiciary and Oversight Committees in the House or Senate, they will use frivolous legal challenges and potentially even impeachment to block President Trump's success.

In the House, GOP Members are already behind. The current [average](#) of 22 different polls for the 2026 generic congressional ballot shows Democrats with an average 2.4 percentage point lead. House Republicans will likely be defending at least 29 seats next November. Democrats need only to win three of those seats to take the majority and elect the next Speaker.

Although structurally the 2026 Senate map favors Republicans, Senator Thom Tillis' retirement in North Carolina, a potentially messy Republican primary in Georgia for the right to challenge Democratic Senator Jon Ossoff could be a boon for Democrats in those states. The GOP must offer a positive solution to voters on health care. Extending enhanced tax credits for workers and low-income Americans is the obvious opportunity.

## CONCLUSION

Given the rising costs and growing participation in Medicaid, it is understandable why Republicans in Congress sought to cut program spending as a part of the One Big Beautiful Bill Act of 2025. However, the \$1 trillion in cuts contained in the bill may prove highly unpopular. Medicaid reductions will only face more criticism as 7.8 million lose their health coverage over the next decade.

Congressional Republicans must provide voters with a positive message on health care in order to improve their chances in the 2026 elections. The best way to do this would be to extend enhanced premium tax credits for the purchase of private health coverage, which are set to expire at the end of the year. These credits will protect over 21.3 million Americans from premium increases and increase coverage by 2.2 million in 2026 at a cost per participant that is 42% lower than Medicaid.

If Republicans do not act to help Americans access health care by extending these tax credits, they will struggle to find a compelling argument for voters on health costs and coverage going into midterms. If Democrats flip the House of Representatives, President Trump will be plagued by endless investigations and impeachments without much ability to further enact spending reform.

By extending tax credits, they can rebuff attacks from Democrats as well as explain their preference for market-based coverage.



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