



PUBLIC SECTOR SERVICES

Preparing States for Potential Federal Medicaid Policy Changes

Early statements and signals from the Trump administration and the Republican-controlled Congress suggest that significant changes may be coming for Medicaid funding and program policy. While Social Security and Medicare were largely presented as protected by the Trump campaign, Medicaid was considered for reforms and/or budget reductions.¹

As of this writing, this has held true. Early Congressional budget reconciliation materials indicated over \$2 trillion in potential Medicaid cuts over the next 10 years.² More specifically, the House-passed reconciliation bill includes \$880 billion in spending reductions from the jurisdiction of the Energy and Commerce Committee,³ and Medicaid and Medicare are the largest programs under its oversight (Medicare jurisdiction is shared with the House Ways and Means Committee).

The potential Medicaid changes include reducing and ultimately eliminating the 90 percent match for expansion populations, a key element of the Affordable Care Act (ACA)⁴ that has long been a target for “repeal and replace” by Congressional Republicans. Notably, nine states (AZ, AR, IL, IN, MO, NH, NC, UT and VA) have trigger mechanisms that automatically end or alter Medicaid expansion if Congress reduces the 90 percent federal match rate.⁵ Other potential reductions include spending caps on Medicaid enrollees and/or overall spending levels, limiting the use of so-called “provider taxes,” and imposing work requirements or community engagement for certain Medicaid enrollees.⁶

In the face of these proposals and others, state Medicaid programs are moving through uncharted waters. After the urgency of managing the COVID public health emergency and the subsequent unwinding of Medicaid continuous eligibility, return to pre-pandemic budget and operational conditions for Medicaid does not appear to be on the foreseeable horizon.

How can A&M help Medicaid programs approach the shifting landscape?

A&M’s dedicated team of public sector experts serves as trusted advisors to help states navigate change and implement innovative strategies that overcome policy, operational and financial challenges. We partner with state HHS leaders and stakeholders to identify opportunities, transform service delivery, and balance provider and participant needs, while providing increased operational efficiencies, fiscal transparency, and enhanced accountability.

Even strong Medicaid programs, with advanced payment models, accountable utilization of managed care, and sophisticated data collection and analytics capabilities, will need to efficiently manage costs while continuing to provide high quality care. This may include making changes to Medicaid eligibility and benefits packages in order to address any federal funding changes. For states with lower percentages of Medicaid managed care integration, fewer analytic capabilities, and smaller state administrative teams, addressing any upcoming federal budget reductions for Medicaid may be even more challenging.

¹“What Trump’s 2024 Victory Means for Medicaid,” Kaiser Family Foundation, Accessed February 26, 2025, <https://www.kff.org/quick-take/what-trumps-2024-victory-means-for-medicaid/>.

²“What is in the just-passed House Republican budget bill? What to know, USA Today, February 26, 2025, <https://www.usatoday.com/story/news/politics/2025/02/26/what-to-know-about-gop-budget-plan/80469749007/>.

³Ibid.

⁴“Same Playbook: Major Medicaid Cuts under Consideration for Budget Reconciliation Similar to Medicaid Cuts in Failed ACA Repeal Bills from 2017,” Georgetown University, McCourt School of Public Policy, February 24, 2025, <https://ccf.georgetown.edu/2025/02/24/same-playbook-major-medicaid-cuts-under-consideration-for-budget-reconciliation-similar-to-medicaid-cuts-in-failed-aca-repeal-bills-from-2017/>.

⁵“Overview of Potential Medicaid Changes in 2025 Budget Reconciliation Bill,” Grant Makers in Health, February 2025, <https://www.gih.org/publication/issue-focus-overview-of-potential-medicaid-changes-in-2025-budget-reconciliation-bill/>.

⁶“Same Playbook: Major Medicaid Cuts under Consideration for Budget Reconciliation.”



Given the potential for rapid adoption of major Medicaid federal budget support by Congress and the Trump administration, state Medicaid programs and directors may want to partner with a trusted external adviser like A&M to:



Assess overall state Medicaid program performance including, but not limited to, managed care, value-based purchasing and financial mapping.



Strengthen primary and preventive care for Medicaid beneficiaries, both to keep people healthy and to give them access points other than hospital emergency departments.



Enhance data collection and analysis to identify high-quality and low-quality providers and areas of greatest potential ROI for interventions.



Partner with health care providers, managed care plans, and social services to devise population health and whole-person solutions for unmet needs.



Build educational and employment opportunities to support the transition from Medicaid altogether.



Plan for new federal program requirements such as “community engagement” or work requirements for certain Medicaid beneficiaries.



Strengthen policies, procedures and artificial intelligence tools to ensure efficient use of resources to monitor and reduce fraud, waste and abuse.

Our A&M Public Sector team has been supporting states and local governments for over 20 years to improve Medicaid and health and human service programs, while also managing limited federal and state funding. We stand ready to partner with state Medicaid programs to construct a path forward, rather than react after the fact.



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