

Medicaid and Its Impacts to Families and Children Across the Nation

Medi-Cal

California's Medicaid program, known as Medi-Cal, covered 15 million Californians in 2024.³ **Five million children— about 50% of all kids in California— are covered by Medi-Cal, as are 40% of all births across the state.**⁴

People qualify for Medi-Cal if they are 65 or older, blind, disabled, under 21, pregnant, in a care facility, on refugee status, a parent or caretaker of an age eligible child, or if they qualify based on income. People may also be eligible for Medi-Cal if enrolled in CalFresh, SSI or SSP, CalWORKs, Refugee Assistance or Foster Care.

MEDICAID AND MEDICARE BACKGROUND

Medicaid provides health insurance to adults and children with limited income and resources. Medicare provides health insurance to people aged 65 or older and younger people with disabilities. Medicaid and Medicare were established in 1965 as part of the Great Society's social welfare programs under President Johnson. The programs were created to address the lack of adequate health insurance and access to health care experienced by many Americans. In 2024, the United States had a population of **340 million people with over 67 million enrolled in Medicare, over 71 million enrolled in Medicaid¹**, and as of November 2024, **37.5 million children were enrolled in Medicaid and Children's Health Insurance Program (CHIP).**²

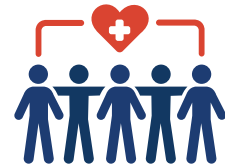
To be eligible Medicaid recipients must be:

- U.S. citizens or qualified non-citizens
- Low-income adults and their children
- People with certain disabilities

Medicaid and Medicare are a lifeline for millions of Americans. Research shows that the existence of the Medicaid program improves:



Health Outcomes



Health Insurance Coverage



Access to health care and recipients' financial security



Provides economic benefits to states and health providers

1 Hall, A. (2025, February 19). Medicare Statistics and Facts in 2025. Forbes. <https://www.forbes.com/advisor/health-insurance/medicare/medicare-statistics/>

2 Burns, A., Williams, E. & Rudowitz, and R. Putting \$880 Billion in Potential Federal Medicaid Cuts in Context of State Budgets and Coverage | KFF. <https://www.kff.org/medicaid/issue-brief/putting-880-billion-in-potential-federal-medicaid-cuts-in-context-of-state-budgets-and-coverage/> (2025).

3 Burns, A. (2025, April 10). What Does the Federal Government Spend on Health Care?. KFF. <https://www.kff.org/medicaid/issue-brief/what-does-the-federal-government-spend-on-health-care/>

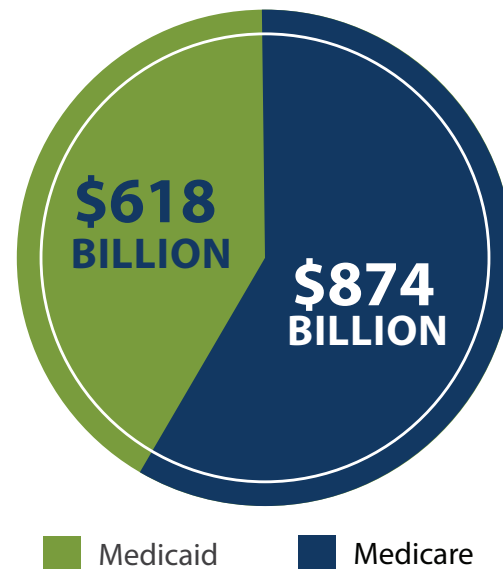
4 Petek, G. The 2024-25 Budget: Medi-Cal Analysis. <https://lao.ca.gov/Publications/Report/4838> (2024).

CUTS TO MEDICAID

In FY 2024, the federal government spent \$1.9 trillion on health care programs and services.⁵ Federal spending for Medicare accounted for \$874 billion, just over half of mandatory spending on all federal health programs and services. Federal spending for Medicaid accounted for \$618 billion.⁶

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act, which included state and local tax deductions, tax cuts, additional funding for border security, and defense.⁷ The bill also included significant funding reductions to Medicaid and the Supplemental Nutrition Assistance Program (SNAP), reducing the federal match rate for Medicaid expansion, implementing work requirements, and shifting more costs to states.⁸ The Congressional Budget Office estimates that the bill will increase the national deficit by \$3.4 trillion and 10 million Medicaid recipients will lose health insurance coverage over the next 10 years.⁹

Federal government spent \$1.9 trillion on health care programs in 2024



IMPACT OF MEDICAID CUTS

National & State Economic Impacts of Medicaid Cuts

Economists predict that the funding reduction to Medicaid will trigger rippling and devastating effects felt across the entire country:¹⁰

- In 2026, states are estimated to lose \$95 billion in gross domestic product
- 477,000 healthcare workers would lose their jobs
- Another 411,000 jobs would be lost in various businesses, through a ripple effect
- State and local tax revenues would fall by \$7 billion because of a decrease in business and individual income from job losses, worsening fiscal challenges for states

As Medicaid is a federal-state partnership, cuts at the federal level would shift significant costs to California. The state would have to absorb these costs by diverting funding from child care, education and other services, or reduce Medicaid eligibility, leaving more families uninsured.

5 Burns, A. (2025, April 10). *What Does the Federal Government Spend on Health Care?*. KFF. <https://www.kff.org/medicaid/issue-brief/what-does-the-federal-government-spend-on-health-care/>

6 *The federal budget in fiscal year 2024: An infographic*. Congressional Budget Office. (2025, March 20). <https://www.cbo.gov/publication/61181>

7 Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline | Congressional Budget Office. (2025). Congressional Budget Office. <https://www.cbo.gov/publication/61570>

8 Moore, E., Grisales, C., & Walsh, D. (2025). Trump on Fourth of July signs "One Big Beautiful Bill" to implement his agenda : NPR. NPR.Org. <https://www.npr.org/2025/07/03/nx-s1-5454841/house-republicans-trump-tax-bill-medicare>

9 Moore, E., & Snell, K. (2025). The GOP megabill: Here's what's inside the plan : NPR. NPR.Org. <https://www.npr.org/2025/06/28/g-s1-74388/senate-big-beautiful-bill>

10 Milken Institute School of Public Health. (2025, March 25). *New report: Federal Medicaid and snap cuts could result in one million jobs lost and state gdp's falling by more than \$110 billion in 2026*. Milken Institute School of Public Health: The George Washington University. <https://publichealth.gwu.edu/new-report-federal-medicare-and-snap-cuts-could-result-one-million-jobs-lost-and-state-gdps-falling>

LOSS OF MEDICAID COVERAGE COULD FORCE HOSPITAL CLOSURES

Medicaid serves as a crucial financial buffer for hospitals; funding loss would lead to decreased patient access, financial instability for providers and, eventually, the closure of clinics, hospitals and private practices. Hospital closures would have devastating consequences for communities, impacting employment, economic development, and the overall health of the population.



In 2023, births were the most common reason for a hospital inpatient stay and Medicaid covered 1.5 million births, representing 41% of all U.S. births.¹¹ Medicaid covered 26% of all hospital inpatient stays and financed nearly 20% of total spending on hospital care.¹² Medicare makes up 25% of all spending on hospital care while private health insurance at 37%.¹³

Figure 2: Percentage of Total Hospital Funding by Coverage Type

Coverage Type	Percentage of Hospital Funding
Private Health Insurance	37%
Medicare	25%
Medicaid	19%
Other Third-Party Payers	10%
Other Health Insurance Programs	7%
Out of Pocket	3%

Note: Percentages do not sum to 100% due to rounding.¹⁴

11 Moore, E., Grisales, C., & Walsh, D. (2025). Trump on Fourth of July signs “One Big Beautiful Bill” to implement his agenda : NPR. NPR.Org. <https://www.npr.org/2025/07/03/nx-s1-5454841/house-republicans-trump-tax-bill-medicaid>

12 Godwin, J., & Levinson, Z. (2025, May 2). Medicaid covers at least one in five hospital inpatient days in nearly every state. KFF. <https://www.kff.org/medicaid/issue-brief/medicaid-covers-at-least-one-in-five-hospital-inpatient-days-in-nearly-every-state/>

13 Ibid.

14 Levinson, Z., Hulver, S., Godwin, J., & Neuman, T. (2025, May 13). Key facts about hospitals. KFF. <https://www.kff.org/key-facts-about-hospitals/?entry=national-hospital-spending-spending-by-payer>

Rural hospitals are at especially high risk of closure; one-third of all rural hospitals in the country are already at risk of closing because of multi-year financial losses.¹⁵ **Rural hospitals are often the primary healthcare provider in their communities, and Medicaid provides a lifeline for these hospitals to stay afloat.** Reductions in funding due to reduced Medicaid payments could lead to decreased services, staff layoffs and hospital closures, impacting patient care and the local economy.

ALL MEDICAL PROVIDERS WILL BE IMPACTED

The loss of Medicaid funding leads to a decrease in patient access to services and, therefore, financial instability for medical providers. Many medical practices rely on Medicaid dollars to keep their doors open and without it, it is expected that many medical facilities and practices will have to make massive cuts to staff and services or ultimately close.¹⁶

“My daughter’s speech therapist went out of business because Medicaid reimbursement rates were too low. We do not have Medicaid. When Medicaid gets cut everyone loses services.” -Parent¹⁷

Medicaid patients utilize many of the same medical providers as those enrolled in private health insurance, and all will be impacted by Medicaid funding cuts. **Hospitals, doctors and county officials warn that if these facilities can’t keep their doors open—entire communities—not just those enrolled in Medicaid, could lose access to health care.**

EARLY CHILDHOOD WORKFORCE RELIES ON MEDICAID



A healthy and well-supported early childhood education (ECE) workforce is vital to support young children’s healthy development and parents’ ability to work. The lack of public investment in early childhood education combined with the high cost of providing quality care has strained the child care system and destabilized the early childhood education workforce. Inadequate wages and benefits are large drivers of child care workforce challenges, and additional cuts to these already insufficient benefits will exacerbate the various challenges already plaguing this workforce.

The median wage for early childhood educators is lower than 97% of all other occupations in the U.S. and as a result, **nearly 28% of child care workers in the United States are covered by Medicaid;** in California that statistic jumps to 37%.¹⁸ In a survey of over 10,000 early childhood educators, respondents who reported having access to professional benefits, including health insurance, were more likely to report an intention to remain in the child care field compared to respondents reporting inadequate benefits.¹⁹ **Threats to Medicaid coverage for early childhood educators will further**

15 Jones, K. B., Murphy, N., & Ducas, A. (2025, May 29). *Medicaid cuts would threaten Rural Hospitals*. Center for American Progress. <https://www.americanprogress.org/article/medicaid-cuts-would-threaten-rural-hospitals/>

16 Gardner, A. (2025, May 6). *Medicaid cuts would reduce access to health care for entire communities | center on budget and policy priorities*. Center on Budget and Policy Priorities. <https://www.cbpp.org/blog/medicaid-cuts-would-reduce-access-to-health-care-for-entire-communities>

17 B.K. (2025, May 28). *Cutting public benefits hurts everyone*. Facebook. https://www.facebook.com/CommunityOfIndependentHumanBeings/photos/cutting-public-benefits-hurts-everyonekayla-b-queenofthesouthbskmy-daughters-spe/1275236137941522/?_rd=1

18 Cuello, L., & Brooks, T. (2025, April 30). *Medicaid is a critical support for the early childhood education workforce*. Center For Children and Families. <https://ccf.georgetown.edu/2025/04/21/medicaid-is-a-critical-support-for-the-early-childhood-education-workforce/>

19 Ibid.

destabilize the early childhood education workforce by pushing more educators out of the field and thereby worsening the child care crisis.

Medicaid supports parents' ability to access child care. Because many parents rely on Medicaid for their health care. Cuts to Medicaid could lead to increased financial and health hardships, making it harder for families to work and afford child care. If parents are faced with losing their health insurance on top of keeping up with high child care costs and the rising cost of living, families will undoubtedly suffer, and the child care crisis will worsen.



POLICY RECOMMENDATIONS

In 2024, 1 in 5 people in the United States were enrolled in Medicaid.²⁰ **Funding cuts to Medicaid will have consequences for patients, hospitals, national and state economies, and every community in our nation.** To ensure the well-being of all Americans, including children and families, we recommend:

Continue to support safety-net programs: Our primary recommendation is for decision makers to maintain a healthy Medicaid budget so that millions of Americans can continue to receive and have access to necessary health care.

Hear from Parents and Families: Continue to gather stories from the community, including individuals, early childhood educators, and families to share and uplift the impact these programs have on families and children and what would be at stake if families lose access.

20 Hintor, E. H., & Burns, A. (2025, April 10). *10 things to know about Medicaid*. KFF. <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid/>

For questions, please contact:
Sandy Upson, Policy Research Manager
at supson@ccrcca.org

Scan QR to explore further or visit
www.childcareinvestment.com.



866.67.4KIDS

Child Care Resource Center is a federally recognized
501(c)(3) non profit organization.



WWW.CCRCCA.ORG