

# Fact sheet on House Republicans Reconciliation Bill to Reduce Medicaid Federal Funding (FMAP) for Certain States Providing Healthcare for Immigrants

## What does the House Republican Reconciliation Bill do?

Section 44111: The reconciliation bill includes a coercive policy that Mandates a 10% cut to a state's ACA expansion Federal Medical Assistance Percentage (FMAP) in as many as 38 states (such as Illinois=\$810m) that offer health insurance or any form of comprehensive health benefits to state residents who are:

- Undocumented
- Non-pregnant adults granted humanitarian parole into the U.S.
- [lawfully present](#) non-pregnant adults who are not "qualified" immigrants - with exceptions for pregnant people.

States currently receive a 90% federal FMAP for people who are covered by the ACA's Medicaid expansion (generally low-income adults). That FMAP would be lowered to 80% for the affected states, costing them billions of dollars. **This would begin on Oct 1, 2027.**

## What happens next?

The Senate will take up the House bill and the Senate will have their own "substitute amendment" with new language from the Senate. Then the Senate will vote on their bill. After the Senate vote, the House will re-vote on the Senate's bill. This is all supposed to happen before the July 4<sup>th</sup> recess.

## What programs in Illinois could cause the state to lose federal funding?

Based on our reading of this language, the provision could penalize Illinois by reducing our FMAP for programs including the following comprehensive health coverage programs:

All Kids coverage to undocumented children; postpartum services to people who are undocumented; HBIS/HBIA, [state medical coverage for survivors of domestic violence](#), and VTTC Medical and AATV Medical.

## Is this legal?

It may violate the Byrd Rule and may be disallowed to remain in the bill (it will be up to the Senate Parliamentarian). It also may not be legal to target only certain states under the Medicaid Act or other federal statutes in this manner. The bill language also raises 10<sup>th</sup> Amendment questions.

The proposal raises questions related to the balance of power between the federal government and states and whether the federal government can condition federal Medicaid financing on state actions with their own funds. In 2012, the Supreme Court ruled that the Medicaid expansion mandate under the Affordable Care Act was unconstitutional because it conditioned states' receipt of federal Medicaid funds on implementing the expansion and the potential loss of funding left states with no real option but to expand. As a result of the ruling, the expansion was effectively made optional to states.

## What is the Illinois trigger language and how does it come into play?

[Illinois, 305 ILCS 5/5-2\(18\)](#) - Medicaid expansion terminates within 90 days if Illinois' expansion FMAP falls below 90 percent.

## Important to Remember!

- The FMAP provision is a substantial overreach of federal authority in its attempt to coerce states into not spending state funds in particular ways. For decades, our Illinois state leaders have wisely chosen to invest in health coverage programs using state-only funding, recognizing that *all* Illinois residents having health coverage yields both individual benefits such as improved health outcomes and reduced medical-related debt, and community benefits such as improved public health outcomes and less uncompensated care.
- **The bill provision language as currently written does not take effect until October 1, 2027.** Illinois has a lot of time to thoughtfully respond in a way that preserves Illinoisans' coverage.
- **Illinois legislators should not do Trump's work for him!** HBIA and HBIS are two of many immigrant health programs in Illinois that are under attack in the bill. Defunding HBIA or HBIS does not protect or "save" Illinois from Trump's attacks. Funding HBIA sends a strong message that Illinois has a right to use state dollars to provide for its own residents. Illinois legislators need to stand strong and prioritize Illinoisans! Not capitulate to Trump.
- **The FMAP provision is a new precedent for federal overreach** designed to force states like Illinois to abandon their wise and humane policies of inclusive medical coverage for all. Illinois legislators need to stand strong and refute this overreach by funding HBIA.
- Congressional House Republicans are blackmailing states with this FMAP provision: this provision doesn't require states to end coverage for children and other individuals who are undocumented or lawfully present. What Congressional House Republicans are doing here is more like blackmail – make children and adults in immigrant families uninsured or make other adults uninsured. Congressional House Republicans are sort of forcing states to set up The Hunger Games for healthcare. **Illinois legislators should not pre-comply and thereby do Trump's work for him!**
- **There is no legal authority for the federal government to withhold Medicaid funding to a state based on things it does outside of its Medicaid program.** States should have the right to use their own taxpayer dollars to fund coverage for state residents.
- This policy would substantially cut federal support for Medicaid expansion and *encroach on state sovereignty*.
- This is a blatant and legally suspect attempt to attack states' rights and coerce states to stop their lifesaving and economy-generating health coverage programs.
- We are better off when all of us can access affordable healthcare coverage that enables us to go to the doctor and be treated when we are sick and manage long-term illnesses or conditions so we can live full, productive lives.