

EXECUTIVE BRIEFING

Next-level payer-provider collaboration can help mitigate the impact of Medicaid cuts

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<https://www.healthscape.com/insights/next-level-payer-provider-collaboration-can-help-mitigate-impact-medicaid-cuts>

The impending cuts to Medicaid funding will pull at the fabric of US communities, health systems, and payers. But strategic collaboration could help mend—or even prevent—some of the anticipated tears.

Currently, 71.3 million people (roughly 20% of the US population) are insured through Medicaid. As a result of \$793 billion in reductions taking effect over the next decade, approximately 8 million fewer people will have Medicaid coverage, according to the latest Congressional Budget Office projections. Nearly half of these funding cuts will come through new work reporting requirements and semiannual eligibility redeterminations for adults who were eligible for Medicaid through the Affordable Care Act (ACA) expansion.

The annual impact of these funding cuts will start at \$17 billion in 2026, escalating to \$165 billion in 2034. Both providers and payers will be heavily impacted by these cuts.

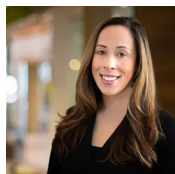
They will result in reductions in revenue and increases in uncompensated care, potentially leading to hospital closures, especially in rural communities. They will also lead to altered care demands and access points, a sicker and higher-risk Medicaid population, and potential state reductions to benefits or managed care rates. And they are already creating turmoil for managed care organizations (MCOs), evidenced by many of them withdrawing guidance as they reassess projections.

Although recovering from these policies will be challenging, health systems and payers have a stronger opportunity to succeed by working together.

In collaboration with Chartis, we discuss three key areas in which health systems and payers can work together to realize the greatest benefit for their communities and organizations.

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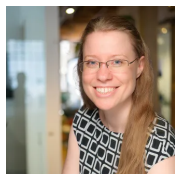
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