

United States Senate

WASHINGTON, DC 20510

June 20, 2025

The Honorable John Thune
Majority Leader
United States Senate
S-230, The Capitol
Washington, DC 20510

The Honorable Mike Crapo
Chairman, Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable John Boozman
Chairman, Committee on Agriculture,
Nutrition and Forestry
United States Senate
328-A Russell Senate Office Building
Washington, DC 20510

Dear Majority Leader Thune, Chairman Crapo, and Chairman Boozman:

We write as a group of former governors to share our perspective on the impact that the Senate reconciliation bill will have on state budgets. We have significant concerns about how this bill passes incredible burdens onto state budgets in order to finance tax cuts that disproportionately benefit ultra-wealthy taxpayers and ultimately reduce long-term economic growth.

The reconciliation bill proposes what would be the largest Medicaid cut in history. According to the nonpartisan Congressional Budget Office's analysis of the similar House-passed reconciliation bill, cuts to Medicaid and Affordable Care Act coverage, along with the failure to extend enhanced premium tax credits, will result in at least \$1 trillion in cuts to health coverage and lead to 16 million people losing access to healthcare coverage. Across the country, more than 78 million people rely on Medicaid and the Children's Health Insurance Program – all of whom will be affected by these cuts in some capacity, and it is disingenuous to insist otherwise.

As Medicaid is a joint federal-state program, states will see cuts to their Medicaid programs totaling nearly \$800 billion. For example, under the House-passed bill, state cuts over the next 10 years would total \$2 billion in New Hampshire, \$13 billion in Missouri, \$19 billion in New Jersey, \$5 billion in Iowa, \$10 billion in Colorado, and nearly \$5 billion in West Virginia. States will be forced to raise taxes or make cuts to these critical healthcare services or other important priorities, like education, childcare, housing, or disaster relief and recovery efforts. In fact, recent evidence shows that when states lose Medicaid funding, it is often Medicaid benefits that help seniors and people with disabilities, like coverage for home- and community-based care, that are first to be cut.

The impact of these cuts – some of which are even deeper in the reconciliation bill released by the Senate Finance Committee – will also be especially felt by hospitals, nursing

homes, and other health facilities particularly in rural communities. More uninsured patients mean reduced revenues, increased costs for services, and a greater burden of uncompensated care for hospitals, all of which may result in staff or service reductions. And when costs for uncompensated care go up, states and localities often must step in and provide additional funds to keep these vital community health providers afloat. Estimates suggest that 338 rural hospitals nationwide are at risk of closing due to the House reconciliation bill, including two in Maine, two in South Dakota, two in Nevada, three in Idaho, six in Virginia, and five in North Carolina.

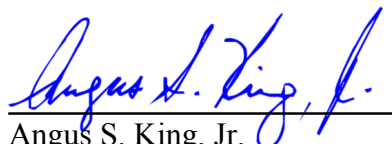
The reconciliation bill also cuts over \$200 billion from the Supplemental Nutrition Assistance Program (SNAP) through 2034—the largest reduction in the program’s history—and shifts billions in benefit costs from the federal government to states for the first time. States, which have historically only overseen eligibility, are unprepared to absorb this financial burden. Based on data from 2023, states would be responsible for substantial new costs: \$36 million in Maine, \$984 million in Florida, \$176 million in Virginia, \$84 million in West Virginia, \$130 million in Colorado, and \$16 million in Nebraska. The reconciliation bill also shifts the majority of administrative cost burden onto states, requiring them to cover 75% of the cost-share instead of 50%, further straining state budgets. Many states will be forced to reduce access to food assistance, cut other essential services, raise taxes, or potentially opt out of SNAP altogether.

As former governors, we are concerned that state governments will be forced to absorb both the administrative burden and the human cost of implementing and enforcing these changes, all while attempting to meet the basic needs of constituents left without assistance. SNAP currently supports 42 million Americans—including children, seniors, people with disabilities, and veterans—and provides vital economic stability during downturns. If these changes are enacted, millions of people—including families with children, seniors, people with disabilities, and veterans—would see their food assistance either eliminated entirely or reduced significantly. This will destabilize state budgets and unravel the basic assistance program that helps people weather economic hardship.

Red and blue states alike must balance their budgets, which means every dollar in added federal cost must be made up by either raising new revenues or making harmful cuts. If the reconciliation bill is passed, even in the best of times, states would need to spend billions more to provide similar or equal Medicaid and SNAP services and benefits. Should a severe economic downturn occur, states will be faced with an even more dire budgetary outlook. Tax increases at the state level would have to be considerable to fully fill the gap, something most states will not be able to do. If unemployment rises, our constituents will be reliant on these services more than ever – a failure to provide them or limit their scope would only result in pushing more people into poverty. This outcome, however, is avoidable. It is not too late to reverse course instead of cutting critical programs and shifting massive costs on to state taxpayers to offset tax cuts benefiting the wealthiest taxpayers.

We stand ready and willing to work with you and Congressional Republicans on bipartisan legislation that is fiscally responsible, provides relief for middle-class taxpayers and their families, and spurs economic growth and investment. We understand that difficult tradeoffs are often necessary, however, we believe that these goals can be achieved without making cuts to essential services that everyday Americans rely upon.

Sincerely,



Angus S. King, Jr.
United States Senator



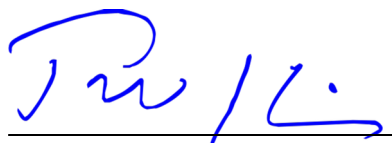
Jeanne Shaheen
United States Senator



Mark R. Warner
United States Senator



John Hickenlooper
United States Senator



Tim Kaine
United States Senator



Margaret Wood Hassan
United States Senator

CC: The Honorable Scott Bessent, Secretary of the Treasury
The Honorable Brooke Rollins, Secretary of Agriculture
The Honorable Robert F. Kennedy, Jr., Secretary of Health and Human Services
The Honorable Jared Polis, National Governors Association Chair
The Honorable Kevin Stitt, National Governors Association Vice Chair