

“Big Beautiful Bill” Not so Beautiful for Healthcare

On May 22, 2025, the U.S. House of Representatives moved President Trump’s budget proposal forward, sending to the Senate a budget reconciliation bill (with a one-vote margin) – the *One Big Beautiful Bill Act of 2025* – that renews expiring tax cuts and enacts new ones at a cost of almost \$4 trillion. These costs would largely be paid for by cuts to other programs, including to federal healthcare programs, which cuts will have significant ramifications for the healthcare industry.¹ This Health Capital Topics article reviews the current status of the budget bill and healthcare industry implications.

The House bill contains a number of provisions negatively affecting insurance coverage, which could result in nearly 11 million Americans expected to lose their health insurance coverage.² First, the bill also includes over \$1 trillion in federal healthcare program cuts, including upwards of \$864 billion in Medicaid cuts.³ Second, the bill proposes numerous changes to Medicaid, including:

- The introduction of federal work requirements by December 31, 2026, which require Medicaid recipients to work a certain number of hours per month to maintain coverage;
- The implementation of new enrollment/reenrollment paperwork requirements;
- The establishment of a moratorium on new or increased provider taxes, or even a complete eradication of these taxes, which states levy on healthcare providers as one avenue of financing Medicaid payments back to providers caring for Medicaid recipients; and
- The increase of the cost-sharing requirement for states that expanded Medicaid.⁴

In total, the nonpartisan Congressional Budget Office (CBO) predicts that the House bill and the December 31, 2025 sunset of the enhanced Affordable Care Act (ACA) subsidies⁵ will result in 16 million Americans becoming uninsured by 2034.⁶ This substantial reduction in insured individuals would have negative reverberating effects throughout the healthcare industry. Increasing the number of uninsured individuals could be financially devastating for some hospitals whose emergency departments would still be legally required to care for these individuals regardless of insurance coverage, as well as other providers who currently provide a large portion of their care to Medicaid enrollees.⁷

On June 16, 2025, the Senate Finance Committee released its draft of the legislation. This Senate version, while largely similar to the House-passed bill, notably includes even greater Medicaid cuts. Namely, the Senate-proposed bill expands the application of work requirements (from just childless adults to also include adults with children over age 14) and further clamps down on Medicaid provider taxes (not just establishing a moratorium on new taxes but by reducing the current tax cap from 6% to 3.5%).⁸ Although Senate Republicans reportedly considered some cuts to Medicare (primarily focused on overpayments to Medicare Advantage plans),⁹ those cuts were not ultimately included in the draft legislation passed out of committee.

On June 26, 2025, the Senate Parliamentarian found that provisions of the Senate bill, including those limiting state provider taxes (discussed above), are ineligible for the reconciliation process, rendering the future of those provisions uncertain.¹⁰ While the Senate could still include those provisions in the bill, they would require 60 votes, more than the Republicans’ majority of 53 votes.¹¹

The healthcare industry’s response has been widely critical, with hospital trade associations such as the Federation of American Hospitals and the Catholic Health Association opposing the legislation.¹² The American College of Emergency Physicians (ACEP) expressed its deep concern that drastic changes to Medicaid under consideration will disproportionately affect emergency departments:

“Emergency departments are one of the few settings where patients are treated 24/7/365, regardless of their insurance status or ability to pay. The impact of policies that will leave millions of people without any health coverage falls squarely onto emergency physicians and patients. Patients with unmet health care needs will delay treatment and their conditions will worsen, leaving them with no other option than the emergency department. This creates avoidable health risks and threatens the viability of an already strained health care safety net.”¹³

America’s Essential Hospitals has sent a letter to the Senate sharing their “deep concern with the proposed Medicaid policies from the Senate Finance Committee.” The trade group estimates “that both proposed cuts in Medicaid payments and additional costs for uninsured individuals will add \$443.4 billion to hospitals’ uncompensated care costs from 2025 to 2034,” over two-

thirds of which costs “come from cuts in payments for benefits provided to eligible Medicaid beneficiaries, which increases hospitals’ Medicaid shortfall.”¹⁴

Public opinion on the healthcare cuts is similarly negative, with most respondents to a Kaiser Family Foundation (KFF) survey believing that the bill would “cause people to lose health coverage, negatively affect healthcare providers, and make it harder for their families to get and afford care.”¹⁵ Specifically, 54% believe the bill would be bad for them and their families personally, 71% believe it would hurt providers, and 72% believe it would make people uninsured.¹⁶ Another KFF survey found that public disapproval of the bill increases when survey respondents were told that the legislation would decrease funding for local hospitals and would increase the number of uninsured individuals by approximately 10 million.¹⁷ The American Hospital Association (AHA) is highlighting these public concerns, and hoping to parlay

public opinion into public pushback against the legislation, through its launch of an ad campaign to “Protect Hospital Care.”¹⁸

Whether legislators can resolve their differences by President Trump’s requested July 4th passage deadline is indeterminate,¹⁹ as the House must now vote on the Senate version. However, the Washington Post reports that, “[b]ecause of the power dynamics between the two chambers ...the Senate bill is more likely to become law.”²⁰ However, growing public opposition to the healthcare cuts contained in the legislation – particularly when educated about possible health impacts²¹ – may derail Republicans’ plans.

Health Capital Consultants will continue to closely monitor these developments and will provide in-depth analysis and updates in forthcoming issues of Health Capital Topics.

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Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 30 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,500 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of *"The Adviser's Guide to Healthcare - 2nd Edition"* [AICPA - 2015], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Guide to Valuing Physician Compensation and Healthcare Service Arrangements (BVR/AHLA)*; *The Accountant's Business Manual (AICPA)*; *Valuing Professional Practices and Licenses (Aspen Publishers)*; *Valuation Strategies*; *Business Appraisal Practice*; and, *NACVA QuickRead*. Additionally, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); the National Association of Certified Valuators and Analysts (NACVA); the American Health Lawyers Association (AHLA); the American Bar Association (ABA); the Association of International Certified Professional Accountants (AICPA); the Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute. He also serves on the Editorial Board of *The Value Examiner* and *QuickRead*, both of which are published by NACVA.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Certified Valuation Analyst (CVA) designation from NACVA. Mr. Zigrang also holds the Accredited in Business Valuation (ABV) designation from AICPA, and the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter. He is also a member of the American Association of Provider Compensation Professionals (AAPCP), AHLA, AICPA, NACVA, NSCHBC, and, the Society of OMS Administrators (SOMSA).



Jessica L. Bailey-Wheaton, Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: *The Health Lawyer (American Bar Association)*; *Physician Leadership Journal (American Association for Physician Leadership)*; *The Journal of Vascular Surgery*; *St. Louis Metropolitan Medicine*; *Chicago Medicine*; *The Value Examiner (NACVA)*; and *QuickRead (NACVA)*. She has previously presented before the American Bar Association (ABA), the American Health Law Association (AHLA), the National Association of Certified Valuators & Analysts (NACVA), the National Society of Certified Healthcare Business Consultants (NSCHBC), and the American College of Surgeons (ACS).



Janvi R. Shah, MBA, MSF, CVA, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis and the Certified Valuation Analyst (CVA) designation from NACVA. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.

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