



Pennsylvania
Department of Health

Pennsylvania
Department of Human Services

Pennsylvania
Insurance Department

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Contact: Mark O'Neill, DOH, ra-dhpressoffice@pa.gov
Brandon Cwalina, DHS, ra-pwdhspressoffice@pa.gov
Diego Sandino, PID, ra-in-press@pa.gov

Shapiro Administration Highlights Devastating Impacts of Proposed Federal Medicaid Cuts on Rural Communities and Coverage for Hundreds of Thousands of Pennsylvanians

"Proposed Medicaid cuts will put Pennsylvanians' access to care in jeopardy, especially in rural areas, making our communities less healthy and economically competitive."

**- Nicole Stallings, President and CEO of The Hospital and Healthsystem
Association of Pennsylvania.**

Combined, proposed federal Medicaid and Pennie cuts could jeopardize health coverage for over 570,000 Pennsylvanians, drive up health care costs, and put rural hospitals at risk of closure.

Honesdale, PA – Proposed Medicaid cuts in Congressional Republicans' budget bill would have devastating impacts on Pennsylvania's health care system. Today, Shapiro Administration officials joined rural health leaders at **Wayne Memorial Hospital** to express concerns about the devastating effects of the proposed cuts on rural Pennsylvanians and health care providers.

"The proposed changes to the Medicaid program would have grave consequences for health care across Pennsylvania, from hospitals to individuals in both urban and rural communities," said **Secretary of Health Dr. Debra Bogen**. "When people do not have health insurance, they are forced to forego preventive care and rely on emergency care. This, in turn, leads not only to worse health outcomes, but also increases

uncompensated health care services, increases insurance premiums, and increases health care costs for all Pennsylvanians – on top of contributing to overcrowded emergency rooms.”

Currently, proposed changes to Medicaid could strip health coverage from more than 300,000 Pennsylvanians, drive up health care costs, and put rural hospitals out of business.

But the impact of the current federal proposal doesn’t end there. The bill fails to extend enhanced premium tax credits available to Pennsylvanians who purchase health insurance through Pennie, Pennsylvania’s official health insurance marketplace. These tax credits have made coverage more affordable than ever, and if they expire on schedule at the end of this year, it will also risk health insurance for an additional 270,000 Pennsylvanians, adding to the risk to hospitals and an increase in our rates of uninsured and/or uncompensated care.

“The enhanced premium tax credits help individuals—including Pennsylvanian farmers, small business owners and families—afford quality insurance coverage and help our rural hospitals keep their doors open with the steady reimbursement for care that they need,” said **Pennsylvania Insurance Commissioner Michael Humphreys**. “Congress’ proposed cuts to Medicaid and failure to renew these vital tax credits put Pennsylvanians at risk of losing critical access, putting lives and livelihoods in jeopardy.”

“All of us know someone – whether it’s ourselves, a friend, loved one, or a neighbor – who Medicaid has helped. But no matter how you personally get your health care coverage, Medicaid is vital to protecting the health of your community,” said **Department of Human Services Special Advisor Sara Goulet**. “Cuts and changes to Medicaid will have grave consequences like crowded emergency departments, increases in the cost of health insurance, and the catastrophic effects on economies and health systems in rural areas. These cuts will create a public health crisis for our Commonwealth, and we must protect this program that is the backbone of our health system and a lifeline for our communities.”

The loss of Medicaid-funded health care services will likely result in:

- Increases in uncompensated care;
- Exacerbation of chronic conditions such as diabetes or heart conditions; and/or
- Delays in seeking care or treatment, leading to worsened conditions, advanced diagnoses, and higher costs over time.

Pennsylvania cannot backfill or absorb these additional costs, as the Medicaid cuts create an unprecedented and unfunded increase in administrative burden that will strain existing operations and divert resources from delivering services to Pennsylvanians.

Medicaid cuts will also hurt county and local agencies responsible for eligibility and program support.

Medicaid provides health coverage for approximately three million Pennsylvanians. During fiscal year 2024-25, the Commonwealth contributed more than \$14 billion to the Medicaid program, which is matched by more than \$30 billion in federal funds.

"As a community-owned health care organization, Wayne Memorial remains committed to the provision of accessible quality care for all," said **Wayne Memorial Health System CEO Jim Pettinato**. "We are hopeful our legislators will be mindful of this as it pertains to any adjustments to Medicaid funding."

"Proposed Medicaid cuts will put Pennsylvanians' access to care in jeopardy, especially in rural areas, making our communities less healthy and economically competitive," said **Nicole Stallings, President and CEO of The Hospital and Healthsystem Association of Pennsylvania**. "Policies under consideration will cut already insufficient hospital payments, reduce coverage, and increase uncompensated care. Hospitals cannot absorb a sudden cut of this magnitude, and some will have no choice but to reduce services or close."

Ensuring rural Pennsylvanians have access to quality health care is a top priority for **Governor Josh Shapiro**. His [proposed 2025-26 budget](#) calls for investing **\$10 million** in state funds that, if approved, draws down federal funding for a **\$35.1 million** total investment in rural hospitals to provide Pennsylvanians with access to high quality health care, and **\$5 million** to expand the Department of Health's [Primary Care Loan Repayment Program](#) offering loan repayment for health care providers who serve in rural communities.

Additional health care highlights in the proposed state budget include:

- **\$20 million** in a new dedicated appropriation to health care facilities for patient safety and quality improvement initiatives that reduce barriers to care like affordability and transportation and improve reliable access to needed providers;
- **\$5 million** in strategic investments to address nursing shortages through the Nurse Shortage Assistance Program;
- **\$10 million** to expand behavioral health loan repayment programs to meet the growing demand for mental health care and address workforce shortages; and
- another **\$10 million** in state funds to support all hospitals across Pennsylvania, leveraging additional federal funding to invest another **\$35.1 million** to help hospitals respond to urgent patient needs and staffing requirements.

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