

GOP Split on Medicaid Imperils Trump's Tax-Cut Plans

Budget hawks in House see the healthcare program as a juicy target, but critics warn against 'meat ax'

By Olivia Beavers and Liz Essley Whyte
Wall Street Journal

WASHINGTON—When President [Trump](#) locked a group of House Republicans into the Cabinet Room at the White House earlier this month with the directive to emerge with a GOP plan that would help fund his top priorities, he also cautioned the roughly dozen lawmakers about making cuts to Medicaid.

Trump made clear he was OK with putting work requirements in place, but he warned against spending cuts that impact the quality of healthcare, recalled Rep. Don Bacon (R., Neb.).

But just after Trump left the room, Bacon said, one budget hawk remarked: “We could get \$2.5 trillion if we cut Medicaid.” Rep. Steve Scalise of Louisiana, the No. 2 House Republican, shot back: “Did you hear what the president just said?”

House Republicans are deeply divided on Medicaid, split between spending hard-liners who want big savings and pragmatists who warn against angering voters. The fight threatens to derail their effort to [assemble Trump's “big, beautiful bill”](#) funding border security, energy policy and tax cuts. Republicans currently have a thin 218-to-215 majority, meaning more than one or two defections could sink the package.

If the House votes to adopt the GOP budget framework next week, Republicans would then move to crafting the actual budget bill, using a process called reconciliation that allows Congress to sidestep the Senate's 60-vote filibuster threshold and pass the package with a simple majority. Skeptical that the House can make progress, the Senate on Friday [adopted its own narrower](#) budget plan focused on border and military spending.

Steve Bannon, a onetime adviser to Trump who now hosts the influential show “War Room,” recently warned about the dangers of cutting Medicaid. “A lot of MAGAs on Medicaid,” he said. “Just can't take a meat ax to it, although I would love to.”

House Freedom Caucus members and other budget hawks successfully pressed for an amendment that directly ties \$2 trillion in spending reductions over 10 years to the party's tax-cut effort. Under that provision, the more the GOP pulls from Medicaid and other programs, the more financial room Republicans have for extending Trump's 2017 tax cuts and new provisions such as ending taxes on tips.

Scalise, according to people familiar with the White House meeting, said that anything above \$1.5 trillion in overall cuts would require running those changes by Trump. Scalise was also clear: The party couldn't put anything in the bill the president opposed.

The federal government spends about \$600 billion annually on Medicaid. States help fund and manage the program, which provides health insurance for roughly 72 million people, or about one in five Americans, including children and people with low incomes or disabilities.

Republicans have a long list of options on how they could cut Medicaid. Work requirements would save, by some estimates, \$120 billion over 10 years. But the GOP will likely need more trims than that. Some potential changes, such as altering the funding formula to allow the federal government to contribute less to wealthier states, could hurt states such as California and New York, which lean Democratic but also have vulnerable Republican lawmakers.

Republicans are also considering whether to slash the fatter federal subsidies that enabled the expansion of the Affordable Care Act program in 41 states and Washington, D.C. The federal government currently contributes 90% of the costs of care for people who join Medicaid under those wider eligibility rules.

Republicans aren't allowed to touch Social Security in the fast-track legislative process they are using, and Trump has said he opposes reducing [Medicare benefits](#), leaving Medicaid as one of the remaining ways to significantly shrink spending. Within a 24-hour period, Trump stated that Medicaid shouldn't be touched but also posted on X that he backs the House-led package that is likely to rely on cuts to Medicaid to meet its targets.

White House spokesman Kush Desai said that the Trump administration is "committed to protecting Medicaid while slashing the waste, fraud, and abuse within the program—reforms that will increase efficiency and improve care for beneficiaries."

Some House Republicans say keeping Medicaid intact is essential if they want to hold the House majority in 2026. Some are privately warning party leadership that there are scores of members—including some in safe GOP districts—who oppose deep cuts. Healthcare groups are aggressively lobbying members' offices to defend Medicaid spending.

Trump "does not want this to be an issue in two years," said Bacon, a centrist Republican who won re-election in one of the few districts that swung toward [Kamala Harris](#) in 2024.

Pennsylvania Rep. Rob Bresnahan, a first-term Republican who unseated a House Democrat, said on X that if a "bill is put in front of me that guts the benefits my neighbors rely on, I will not vote for it."

Rep. David Valadao (R., Calif.) argues that the Trump coalition now includes many Medicaid recipients, pointing to Trump's ability to win over voters who previously backed President [Joe Biden](#).

“My district went from a Biden 13 to a Trump 5,” he said, citing the winning margins in 2020 and 2024. Valadao’s district has among the highest levels of Medicaid recipients in the nation. “There’s no way to assume we didn’t win a bunch of Medicaid voters.”

The program is popular. A recent poll by KFF found nearly 80% of respondents—and 65% of Republicans—think the federal government spends about the right amount or not enough on Medicaid.

But budget hawks believe now is their best chance to address deepening federal deficits, which have ballooned the U.S. debt to \$34 trillion.

“The problem with Medicaid is it’s an open checkbook,” said Brett Guthrie (R., Ky.), the chairman of the House Energy and Commerce Committee. “We have a \$1.8 trillion budget deficit. It can’t go on forever...Either we can fix this in a responsible way, or we’re going to do it in a crisis.”

Guthrie wants to impose a per-capita cap on Medicaid spending, with annual increases tied to inflation. [A Congressional Budget Office report](#) found that such a cap would save about \$900 billion over a decade.

“We have the ability to reform Medicaid in a way that will preserve benefits for people who are actually disabled or the most vulnerable” and save hundreds of billions of dollars, Rep. Chip Roy (R., Texas) said, while pointing to Republicans’ campaign pledges to try to balance the budget. “So if we’re not willing to take that on now, when are we going to be willing to take it on?”

Congressional Democrats argue the GOP is targeting Medicaid to fund tax cuts for the wealthy. Democratic governors have also sounded the alarm.

“We need the federal government to do their part, continue to maintain Medicaid, continue to be a funding partner for healthcare in our states,” said Gov. Tina Kotek (D., Ore.), who said that half of her state’s children receive health insurance through Medicaid.

Rep. Nick LaLota (R., N.Y.), a centrist House Republican, said he would support some tightening of Medicaid spending, focused on work requirements, limiting eligibility to people in the country legally and targeting waste and abuse. “I would be against the bill that had deep cuts beyond those three criteria,” he said.