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Medicaid cuts threaten D.C.-area health providers, potentially forcing service reductions and layoffs

Children's National Hospital is among the D.C.-area hospitals that would feel the effects of Medicaid cuts, with more than half of its patients enrolled in the program.

By Sara Gilgore, Staff Reporter July 21, 2025

Michelle Riley-Brown never thought she'd spend so much time fighting to protect Medicaid.

The Children's National Hospital CEO says cuts to the safety-net program threaten institutions like hers that are "very dependent" on that funding — and where more than half of patients rely on that coverage.

The D.C. pediatric nonprofit is among the Greater Washington health systems and clinics bracing for patients to lose their medical insurance in the coming years, and for

their own income statements to lose federal payments — crucial revenues that enable them to operate at their current levels.

“We would have to make some hard decisions — hard decisions about… programs, service lines, beds,” Riley-Brown told me in an interview last month. “We’d have to pivot and make hard decisions for the financial viability of the organization.”

The One Big Beautiful Bill Act that President Donald Trump signed July 4 calls for significant reductions to federal health care spending, including $1 trillion in cuts over a decade to Medicaid, which provides insurance coverage to 72 million Americans including kids, pregnant women, disabled and low-income elderly patients — millions of them across D.C., Maryland and Virginia.

The financial impact could be detrimental to providers’ operations, experts say, raising prospects of service cuts, layoffs and even closures that would not only send shockwaves through the health care landscape, but also the region’s economy.

And while it won’t happen overnight, the changes here stand to cause real damage over time, said Jacqueline Bowens, president and CEO of the D.C. Hospital Association. “We certainly do anticipate that difficult times are ahead.”

Michelle Riley-Brown is CEO of Children's National Hospital.

Impact of cuts to D.C.-area health systems, hospitals

The region’s health systems are preparing for an increase in the uninsured rate, partially due to new work and income requirements that many view as administrative barriers to the program. They’re also trying to figure out how to mitigate cuts to their own budgets.

As it stands now, Medicaid serves 1.47 million people in Maryland, about 1.52 million in Virginia and nearly 257,000 in D.C. That doesn't count those with health plans under the Affordable Care Act, which also faces changes expected to, separately, decrease insured rates. Estimates vary, but many conclude that hundreds of thousands of people across the three markets could lose their coverage from the work requirements alone.

Virginia hospitals, for example, can expect about $2 billion a year in lost funding because of a few key policies within the legislation, according to the Virginia Hospital & Healthcare Association. It'll take a few years for those effects to hit, with delayed implementation creating some runway for organizations to prepare, said VHHA spokesperson Julian Walker.

"But even with that advanced planning," Walker said, "it is difficult to imagine any organization, whether in health care or in another sector, being able to absorb a 20% to 30% revenue loss and continue to function as the same organization, in the same way it did, prior to that financial impact."

Gaithersburg's Adventist HealthCare said it expects to lose between 10% and 20% of its Medicaid funding. Fewer people would qualify for the program, but there would also be "a falloff of eligible individuals who give up after trying to navigate the administrative changes," Adventist leadership told me, adding that the system plans to care for those patients even though it "will likely not be paid for care that Medicaid previously covered" and would "have to absorb the cost of that care."

John Sackett is president and CEO of Gaithersburg's Adventist HealthCare.

Luminis Health's Doctors Community Medical Center in Lanham, Arlington's VHC Health, Falls Church's Inova Health System and others across the region say it's early to talk specifics, but they're working with state and federal governments, and their industry counterparts, to prepare for potential impacts and continue serving patients

regardless of insurance status. Others did not respond or declined to comment for this story, citing ongoing uncertainty.

Layoffs across the federal government and private sector also complicate the picture for hospitals, making the new legislation "the second blow in a one-two punch," as Adventist leaders described it. Medicaid patients losing coverage as a segment of commercial patients no longer have employer-sponsored insurance "increases the population without health insurance even more," they said.

It's one of the reasons hospitals say they're expecting more traffic in their emergency departments. When patients don't have insurance, they tend to hold off on seeking care — leading conditions to worsen and, ultimately, landing them in the ER, where care is more expensive to deliver. That also causes greater capacity pressure and financial strain on those acute-care facilities as they take on more uninsured patients for whom care wouldn't be reimbursed.

Impact of Medicaid cuts to D.C.-area community health centers

Hospitals could also see influxes from patients who lose access to primary care and preventative services such as screenings. That's a realistic possibility, as the region's community health centers that lean heavily on federal support suffer their own cuts.

In D.C., it's good news that the legislation preserved the Federal Medical Assistance Percentage, which informs how much money the federal government covers in Medicaid costs for states and the District. That was not always a given and had city leaders lobbying hard against that scenario. But officials say the win hardly insulates providers from the cuts that will happen.

Ruth Pollard is president and CEO of the D.C. Primary Care Association.

Federally qualified health centers in the District alone serve 184,000 patients, with one in five on Medicaid. Between 23,000 and 46,000 could lose Medicaid coverage just from the new work requirements, which equates to a range of $42 million to $85 million in annual revenue losses for the city's eight FQHCs, according to Ruth Pollard, president and CEO of the D.C. Primary Care Association.

Leaders are now having conversations about the consequences, which could range from closures to consolidations to mergers, she said. "Because even though the need is still there, if we don't have the revenue to support and operate in the way in which [FQHCs] are designed to operate, then it could mean more on a very draconian, drastic side of things."

The National Association of Community Health Centers estimates that 1,800 clinics across the country could close, and 34,000 workers could lose their jobs, with $7 billion in additional costs tied to uncompensated care and $13 billion in economic impact.

D.C.'s FQHCs can't afford to take on more uncompensated care, Pollard said. "We don't want to be among those 1,800 site closures and the job losses, but at the same time, our health centers will have to make business decisions in order to stay available for District residents."

Unity Health Care, the District's largest FQHC with about 60% of patients on Medicaid and another 12% without insurance, provides primary care and connects patients with resources to combat poverty, housing insecurity and other factors that "significantly influence health outcomes, sometimes more so than clinical care itself," said Dr. Benjamin Oldfield, Unity's chief medical officer. "This work is also at risk."

Nancy Ban is CEO of Mary's Center.

In addition to the loss of funding, the health centers expect they'll have to help their patients reapply for insurance or explore other options, which "shifts our entire operating model," said Mary's Center CEO Nancy Ban. It also creates an administrative burden for staff, she said. "We're watching workforce burnout closely. Asking our teams to do more with less, especially around paperwork and eligibility, has real consequences."

Avoiding service cuts involves raising money through philanthropy, pursuing partnerships to maximize economies of scale and expanding work in value-based care, in which doctors get paid by helping to prevent illness and manage chronic conditions, rather than based on the volume of services they deliver. That helps drive down costs and keep people out of the hospital — and, Pollard said, opens the door for the primary care system to recoup some of those costs.

But that takes time. And in the interim, the Greater Washington business community would feel that impact of any major shifts in access to care, experts say. If health centers and other provider organizations can't sustain their operations, then patients won't have the same access to care. If patients can't say healthy, they're not able to work. And if they lose their jobs, they can't contribute to the economy, Pollard said. "It will not be good."