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New York Will Lose \$15.4 Billion Per Year Under The “One Big Beautiful Bill Act”

1.5 million New Yorkers will lose their health insurance

ALBANY, NY | *FPI Director Nathan Gusdorf today released the following statement on new federal estimates of the impact of the “One Big Beautiful Bill Act” that passed in the House of Representatives by a one-vote margin on May 22:*

This afternoon, the Congressional Budget Office (CBO) released its newest estimates of the provisions of the “One Big Beautiful Bill Act” (OBBBA) that passed the House of Representatives by one vote on May 22. The CBO, a non-partisan forecasting office within the U.S. Congress, estimates that over the next ten years the OBBBA will result in [\\$3.8 trillion in tax cuts and \\$1.2 trillion in spending cuts](#), and will cause [16 million people](#) to lose their health insurance nationwide. The high cost of these tax cuts, which overwhelmingly benefit high earners and business interests, will increase the federal deficit by \$2.4 trillion.

The OBBBA spending cuts are concentrated in Medicaid and food stamps (SNAP), with devastating effects for New Yorkers. The bill will cost the New York State government \$15.4 billion *annually* and kick 1.5 million New Yorkers off their health insurance, more than doubling the statewide uninsured population. Cuts to healthcare funding will hit New York’s many financially distressed hospitals, forcing closures across the state. The OBBBA will also reduce federal funding for food stamps (SNAP) – a program that keeps 3 million low-income New Yorkers from going hungry – but it requires state governments to fill in these spending gaps, which would cost New York State up to \$2.1 billion annually. Ultimately, New York’s elected leaders will be forced to make hard choices between new tax measures to fund these obligations and spending cuts to the State’s most important safety-net programs.

This dramatic loss of federal funding will have ramifications for the state economy as a whole, largely by eliminating jobs in the healthcare industry: FPI [previously estimated](#) that cuts to healthcare spending will eliminate 215,000 jobs statewide, raising the unemployment rate by 50 percent.

There is still an opportunity for Congress to avoid this calamity. The Senate is now taking up debate on this legislation and will propose revisions that must be negotiated with the House before a final budget is enacted. The opportunity to undo such catastrophic harms to New Yorkers must not be missed.

Overview of Federal Cuts

Provision	Cost to New York
Health	
Essential Plan	\$10.2 billion
Penalty for covering undocumented immigrants	\$1 billion
Cancelling the MCO tax	\$1.6 billion
Work requirements	\$500 million
Food Stamps	
Federal funding cuts	\$1.8 billion
Administrative cost shifting	\$250 million
TOTAL CUTS	\$15.4 billion

Explanation of Provisions

1. **Essential Plan:** New York State offers Medicaid-like health insurance to 1.6 million people through the Essential Plan, which is completely funded by the federal government under the Affordable Care Act (also known as “Obamacare”). The Essential Plan covers both US citizens and lawfully present immigrants whose incomes fall below 250% of the federal poverty line.¹ The OBBBA would eliminate federal funding for hundreds of thousands of legal immigrants enrolled in the Essential Plan, including green card holders, with the following consequences:
 - a. New York State will lose \$7.5 billion annually in federal funding.
 - b. New York State will have to spend an additional \$2.7 billion annually to cover immigrants who are currently eligible for the Essential Plan, but, upon losing Essential Plan coverage, will be moved onto the State’s Medicaid rolls and paid for exclusively through state spending.²

¹ 250 percent of the federal poverty line is \$39,000 for a single individual, \$53,000 for a two-person household, \$67,000 for a three-person household, and \$80,000 for a four-person household. The federal poverty line is notoriously low, leaving the Essential Plan to cover many low-income New Yorkers who are ineligible for Medicaid.
<https://info.nystateofhealth.ny.gov/EssentialPlan>.

² Under New York State law, the State has a constitutional obligation to cover this population regardless of whether the federal government contributes to the cost of their health insurance coverage.

- c. 250,000 lawfully present immigrant New Yorkers will lose their health insurance because they earn more than 138% of the federal poverty line and are not eligible for state-funded Medicaid.
 - d. New Yorkers who buy private health insurance on the individual market will see increased costs, and the Essential Plan will offer reduced benefits, as healthy individuals choose not to buy private insurance and the remaining insured population becomes older and sicker overall.
2. **\$1 Billion Penalty for Covering Undocumented Immigrants.** New York is among 14 states that offer Medicaid and/or CHIP coverage to certain undocumented immigrants, namely children and the elderly. This coverage is paid for exclusively with State funds, since federal Medicaid funds cannot be used to offer coverage to undocumented immigrants. The reconciliation bill would penalize states that offer this coverage, leading to a loss of \$1 billion of federal funds annually.
3. **Cancellation of the \$1.6 Billion MCO Tax:** As of 2025, New York funds a portion of its Medicaid program with a tax on managed care organizations that was recently authorized by the federal government.³ The OBBBA would reverse this federal authorization and ban such funding mechanisms effective as soon as late 2025, which could cost the state up to \$1.6 billion in the current state fiscal year. This funding is currently used to support healthcare provider rate increases, keep financially distressed hospitals open, and support general Medicaid expenses.
4. **Work Requirements:** The OBBBA would force states to impose a complex system of bureaucratic eligibility checks on its Medicaid population. The State has estimated that this system would cost as much as \$500 million to implement. Experience in other states demonstrates that such systems lead many Medicaid recipients to be kicked off the rolls for paperwork issues, even though the vast majority of Medicaid beneficiaries already work or are otherwise exempt from the requirements.
5. **\$2.1 Billion in State SNAP Costs:** The OBBBA substantially reduces federal spending on SNAP – also known as food stamps – by shifting costs to states. That is, it reduces federal funding for the program while assuming that state governments can simply absorb billions of dollars in additional program expenses. In New York, these additional expenses will total \$2.1 billion annually.
6. **At least 300,000 New Yorkers will lose SNAP benefits:** The OBBBA adds more stringent work requirements for SNAP eligibility that will immediately cause about 281,000 adults in New York to lose SNAP eligibility and another 413,000 to be at risk of losing eligibility. An additional 363,000 children who live with these adults may subsequently lose access to SNAP benefits. And, importantly, research shows that [work requirements reduce SNAP participation even for those who remain eligible](#). That is, a significant number of vulnerable New Yorkers will go hungry simply due to bureaucratic red tape.

³ The tax is used to generate additional federal funding, as it allows the State to spend more on Medicaid and then receive a larger allocation of matching federal funding.