CHAMBER HILL

INSIGHTS

Senate Budget Committee Hearing on Medicaid

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On August 4, 2026, the Senate Budget Committee held a hearing to examine the Medicaid program. There were bipartisan concerns about fraud in Medicaid, with Republicans focused on the impact of Medicaid Fraud Control Units while Democrats highlighted staffing changes with Inspectors General and pardoning of fraudsters. Other topics covered included a discussion about federal match rates for various Medicaid populations, Medicaid eligibility, and the impacts of H.R. 1 on Medicaid.

OPENING STATEMENTS

- Ranking Member Jeff Merkley (D-OR)

WITNESS TESTIMONY

- Mr. Brian Blase, PhD, President, Paragon Health Institute – Testimony
- Mr. Johnathan Ingram, JD, Vice President of Policy and Research, Foundation for Government Accountability – Testimony
- Mr. Andy Schneider, JD, Research Professor of the Practice, Center for Children and Families, McCourt School of Public Policy, Georgetown University – Testimony

MEMBER DISCUSSION

Federal Match Rates

Republican Committee members focused their concerns on differences in federal matching for Medicaid populations, specifically highlighting that traditional Medicaid receives an average $1.33 match for every $1 spent, while Medicaid expansion populations receive $9 for every $1 spent. Chairman Johnson and Sen. John Kennedy (R-LA) questioned if the match rates should be equalized. Dr. Blase argued that the match rates between the traditional and expansion populations should be equalized because the difference in rates creates a perverse incentive for states to cheat and overenroll able-bodied Americans to receive increased federal funding. In contrast, Mr., Schneider stated that he does not believe states are cheating in Medicaid administration.

Eligibility

Chairman Johnson asked the panel if they agree with the practice of redetermining Medicaid eligibility. Mr. Schneider stated that redetermining eligibility is important but checking more than once a year can be hard. Ranking Member Jeff Merkley (D-OR) asked Mr. Schneider to expand. Mr. Schneider shared that often there is a lot of fluctuation in income month-to-month for families at the eligibility threshold, and the constant checking increases administrative burden and stress from needing to constantly refile.

Fraud

There was bipartisan agreement in wanting to reduce fraud in Medicaid but differences in proposed solutions. Sen. Rick Scott (R-FL) asked about state Medicaid Fraud Control Units, specifically about the effectiveness of the New York unit. Mr. Ingram shared that, in his opinion, the New York unit was poorly run and, in general, the units are costing more to run then they are recovering in fraudulent payments. Mr. Ingram recommended increasing oversight for Medicaid fraud control units.

Sens. Chris Van Hollen (D-MD) and Patty Murray (D-WA) shared their concerns about fraud in Medicaid. However, they questioned the wisdom of firing of various Inspectors General and the pardoning of Medicaid fraudsters by the Trump administration if the goal is to combat fraud.

Impacts of H.R. 1

Democratic Committee members used the hearing as an opportunity to highlight funding changes to the Medicaid program enacted under H.R. 1, otherwise known as the One Big Beautiful Bill Act. Sen. Tim Kaine (D-VA) shared that 12 hospitals in rural Virginia have announced their closures since July 2025 and have cited H.R. 1 as the reason. He also shared that an additional 12 hospitals are at risk of closure. Sens. Kaine and Ben Ray Lujan (D-NM) expressed the view that H.R. 1 has just shifted Medicaid spending to states that do not have the funds to increase state taxes to make up for the increased costs. Dr. Blase stated that the shift is a complicated problem. Sens. Sheldon Whitehouse (D-RI) and Ron Wyden (D-OR) expressed that Medicaid work requirements reporting will greatly increase administrative burden and cause complications for beneficiaries.

We trust you found this summary useful. Please reach out to us with any questions.