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Republican Budget Proposal Could Cut Medicaid, Medicare, and CHIP, Impacting U.S. Virgin Islands

The non-partisan Congressional Budget Office analysis reveals proposed \$880 billion spending cuts cannot be met without reductions in vital health programs, risking severe strain on the already burdened USVI healthcare system.

Federal / **Published On March 07, 2025 06:13 AM /**

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A key budget proposal from Republicans would require cuts to Medicare, Medicaid, and CHIP – the Children's Health Insurance Program – indicates analysis from the nonpartisan [Congressional Budget Office](#).

Last week, the House of Representatives passed a budget along party lines that would require, among other things, the House Energy and Commerce Committee to cut spending under its

control by \$880 billion over the next 10 years.

Republicans have been insisting that savings can be made by cracking down on wasteful spending and fraud, as well as making eligibility requirements more restrictive. “I’ve said it so many times, you shouldn’t be asking me that question,” President Trump said last week when questioned on whether Medicare, Medicaid, and earned benefit programs including Social Security were at risk of being cut. “We’re not gonna touch it.”

However on Wednesday, analysis by the CBO indicated that the energy and commerce committee, which oversees federal healthcare spending, would not be able to reach \$880 billion in cuts without affecting the nation’s social healthcare programs. If Medicaid, Medicare and CHIP are left intact, even zeroing out all the committee’s other spending would only realize savings of \$381 billion, according to the CBO – far short of the targeted sum.

The analysis by the CBO was requested by Congressman Frank Pallone (D-SEAT), who called the findings unsurprising. “This letter from CBO confirms what we’ve been saying all long: the math doesn’t work without devastating Medicaid cuts,” Congressman Pallone said in a statement. “Republicans know their spin is a lie.”

The \$880 billion in cuts form part of a targeted \$1.5 trillion reduction in government spending over the next decade. This is intended to, among other things, free up funding to help pay for extending the 2017 tax cuts, as well as other Republican legislative priorities.

Any cuts to Medicaid and Medicare would seriously impact the Virgin Islands, already struggling with an underfunded and overburdened public healthcare system. Medicaid data indicates over 34,000 USVI residents were enrolled in Medicaid and CHIP as of 2021, though the number was cut in half [following mass terminations last year](#). With hospital budgets strained to the breaking point from having to absorb enormous costs for uncompensated care even with the current level of social healthcare coverage, potential reductions in federal support would only increase the strain on local systems.