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Medicaid Work Mandates and Looming Cuts Could Weaken VI Health Systems, Officials Warn

The One Big Beautiful Bill Act has stirred concern in the Virgin Islands, with local lawmakers and DHS leaders warning of funding threats to Medicaid and other programs — though some changes won't take effect until after the 2026 midterms.

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Senator Ray Fonseca, chair of the Committee on Health, Hospitals, and Human Services, has voiced his anxieties about provisions of President Donald Trump's Big Beautiful Bill that could affect Medicare and Medicaid services.

Among the numerous provisions of the bill, nearly 900 pages long and signed into law by President Trump last week, are spending cuts set to impact millions of Medicaid recipients. The

legislation imposes new federal limits on Medicaid, potentially increasing the number of uninsured individuals. The [One Big Beautiful Bill Act](#) (OBBBA) requires individuals to prove that they are working, engaging in community service, or receiving work training for at least 80 hours per month, or are enrolled in school part-time, unless they qualify for an exemption.

Therefore, those finding it difficult to secure employment could be penalized and lose coverage benefits. The territory's low unemployment percentage is often touted, but that figure, currently a single digit, is calculated based on the number of people actively seeking work. Disabled people are also set to be disproportionately disadvantaged.

Rural hospitals, like the Juan F. Luis Hospital and Schneider Regional Medical Center are at risk if Medicaid contributions plummet. Low operating margins already position the territory's hospitals precariously. Though the OBBBA funds relief for rural hospitals, some contend that it won't be enough to fill the gap.

When the Department of Human Services appeared before the Committee on Health, Hospitals, and Human Services on Monday, Senator Fonseca sought clarity from DHS officials on the local impact.

"So that occurred just a couple days ago. We have not done as much of a deep dive over the weekend as we probably could have done," admitted DHS's assistant commissioner Taetia Phillips-Dorsett. DHS does know, however, that "Medicaid and SNAP is going to be impacted mostly." She referenced the minimum work hours requirements, but assured that "the majority of our Medicaid beneficiaries already work."

"There may be some additional cuts coming. Some people may fall off the rolls again, similar to when the COVID waiver was not extended," Ms. Phillips-Dorsett noted. "It's going to take a lot more teasing out on our part to look at the impact, specifically for Medicaid, but there are other programs within DHS that are going to be impacted," she warned. The [Meals on Wheels](#) program, already facing a hefty waiting list, is one of them.

Many of the more onerous spending cuts are not scheduled to kick in until after midterm elections next year, however, so local authorities have some time to prepare for and adapt to what is to come.