



Trump's One Big Beautiful Bill Act Darkens Outlook for Government-Backed Clinics

5.6 million patients of community health centers could lose Medicaid coverage over the next decade as most states enact work requirements.

April 3, 2026 By Phil Galewitz and KFF Health News

Bluestem Health, a clinic that serves low-income and uninsured patients in Lincoln, Nebraska, has lost money for the last two years.

And CEO Brad Meyer fears times will soon get worse for the clinic and its 21,000 patients. That's because Nebraska is set to become the first state to require certain Medicaid enrollees to work or lose their coverage under new rules in President Donald Trump's One Big Beautiful Bill Act.

"This will have a huge financial impact on us," Meyer said. On May 1, seven months before the law requires, the state will begin imposing work requirements on eligible adult Medicaid enrollees.

Most of Bluestem's patients are covered by the government program for people with low incomes or disabilities. Meyer estimates up to 15% of them may be kicked off Medicaid, which could cost his center about \$600,000 a year. That could mean cutting services or staff.

Nationwide, about 17,000 federally funded community health centers like Bluestem [care for 1 in 7 Americans](#). They're bracing for fallout from the law Trump signed last year, which could cost the nonprofit health centers \$32 billion collectively over five years, according to the Commonwealth Fund, a health research foundation.

Health centers receive annual federal grants but depend on Medicaid reimbursements for patient care as their largest source of revenue. The government insurance program covered about half of their roughly 33 million patients in 2024.

Commonwealth estimates that 5.6 million patients of health centers will lose Medicaid coverage over the next decade as most states enact work requirements — a provision of Trump's law that requires nondisabled enrollees to work, volunteer, or perform another approved activity for at least 80 hours a month.

Most are expected to lose coverage not because they don't work but because of paperwork errors, like failing to document their hours or verify that they qualify for an exemption.

Health center officials say there's no easy way to make up for the lost revenue other than cutting staff or services, which would affect all their patients. The cuts will coincide with an expected increase in patients, as people who lose coverage turn to the clinics for low-cost care.

By law, health centers are required to treat all patients regardless of their ability to pay.

A Double Whammy

Overall, about 10 million fewer Americans will have insurance by 2034, the Congressional Budget Office estimates, both because of Trump's law and congressional Republicans' decision to scale back premium subsidies for Affordable Care Act health plans.

"We are incredibly worried," said Jeffrey McKee, CEO of Community Health Centers of Burlington in Vermont. His clinics treat about 35,000 patients a year, nearly a third covered by Medicaid.

He predicts a surge in uninsured patients will cost another \$3 million in lost revenue. That revenue crash could imperil street medicine programs and home care for patients 65 and older, he said.

In 2024, community health centers [lost money](#) because of rising costs and the expiration of COVID pandemic-era relief funds, according to a KFF analysis.

Centers with high rates of uninsured patients typically struggle more financially, while some centers are sustained through private donations.

People without insurance — who made up about 18% of all health center patients in 2024 — pay on a sliding scale. Those amounts are a fraction of what insurers pay.

The new Medicaid work requirements apply to Washington, D.C., and 40 states that expanded Medicaid eligibility under the ACA, and to adults with incomes up to 138% of the federal poverty level — \$22,025 for a single person this year.

Republicans say the work requirements will nudge people into the workforce and help preserve Medicaid for children and people who are pregnant or have disabilities. Studies by KFF and others show most enrollees already work, go to school, or have a health condition that prevents them from working.

Nebraska Is First Up

The Trump administration approved Nebraska's early launch of its work requirement program, which could affect about [72,000 Medicaid expansion enrollees](#). State Medicaid officials say they plan to use state and national databases to check whether people are already working or meeting an exemption so that most won't have to do anything to keep coverage. But thousands will need to prove they satisfy the requirements.

At Bluestem in Lincoln, Meyer worries many of his Medicaid patients won't take the steps needed to keep coverage.

Angelisa Corum, 57, said she loves the care she has gotten from her regular doctor at Bluestem Health over the past dozen years, particularly in dealing with breast cancer. "I am cancer-free, and they helped me get through that," she said.

She said the care was the same when she was covered by her husband's commercial insurance through his employer and when she was on Medicaid while he wasn't working.

The work requirements are just one part of the Republican law passed last year that could hurt the health centers. It also requires more frequent eligibility checks for adults enrolled under Medicaid expansion, which advocates say could also lead people to lose coverage. Many states now require eligibility checks only once a year.

The law also reduces overall federal Medicaid funding to states, which may prompt them to cut reimbursements to centers and other health providers.

The National Association of Community Health Centers, the largest advocacy group for the clinics, has tried to walk a tightrope, warning about impending cuts from the law while still working with the Trump administration. The group praised Congress for increasing base grant funding for health centers in the federal budget approved in January.

Kyu Rhee, CEO of the national association, said the clinics enjoy strong bipartisan support in Washington despite the Medicaid cuts.

He has met with Trump administration officials to discuss how health centers can play a role in keeping people from losing coverage due to work requirements. He said they can help meet other priorities of the administration's, like improving American diets, expanding primary care, and focusing on chronic diseases — though it's unclear how any of that would result in more funding.

To further show the reach of health centers, the association recently funded a study that found 52 million people visited the clinics over a three-year-period. "It makes a statement we serve a lot more Americans than those from just a single year," Rhee said.

Health center officials are hopeful they will get some of the funding from the [\\$50 billion Rural Health Transformation Program](#) included in the GOP-passed law. States will begin spending the first tranche of that money this spring.

Rhee said he is encouraged that states will have technology to help tap into databases to verify many enrollees' work status or health conditions to meet "medical frailty" rules that could help them avoid being disenrolled.

Others are less optimistic.

“Health centers are bracing for a major financial impact,” said Sara Rosenbaum, a health law and policy professor at George Washington University and Medicaid expert who co-authored the Commonwealth Fund study. “The way they cope is the same way health systems usually cope as they go through mass layoffs, site closures, and service reductions.”

Amanda Pears Kelly, CEO of Advocates for Community Health, a trade group representing 52 health centers, said health centers are also worried about rising costs, especially for prescription drugs. The impending financial challenges will make it more difficult to hire staff both in rural areas where doctors and nurses are scarce and in more populated areas, where competition for workers is more acute, she told KFF Health News.

“The challenge is health centers are being hit from every direction,” Pears Kelly said.

[This story](#) was published by KFF Health News on April 1, 2026. It is republished with permission.