

# **Bond Case Briefs**

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## **Muni Investors Brace for Hospital-Bond Pain From Medicaid Cuts.**

### **Takeaways**

- President Donald Trump's budget bill makes substantial cuts to Medicaid, which could push millions of Americans off their health insurance.
- Municipal Market Analytics lowered its outlook to negative for the hospital and health-care systems sector, citing expected pressure on operating margins from increased uncompensated care and reduced reimbursements.
- According to Chad Farrington, nursing homes that rely heavily on Medicaid will likely experience lost revenues, and many may be unable to continue operating due to already tight margins.

President Donald Trump's budget bill has municipal-bond investors bracing for mounting financial strains on hospitals and health-care systems amid estimates that the legislation could push millions of Americans off their health insurance.

Trump's \$3.4 trillion tax and spending package makes substantial cuts to Medicaid, the public health-insurance program for low-income and disabled people. Republicans are also mulling deeper reductions to Medicaid in a follow-up bill.

Against that backdrop, Municipal Market Analytics lowered its outlook to negative from neutral for the sector. The segment encompasses about \$290 billion in debt, data compiled by Bloomberg show. The research firm projects the cuts will likely pressure operating margins, including from the expected increase in uncompensated care for those who lose coverage and a cap on taxes that states use to defray Medicaid costs.

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### **Bloomberg Markets**

By Sri Taylor

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