

Senate Republicans present budget bill that cuts taxes for the rich and eliminates Medicaid for 10 million

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On Monday, Senate Republicans advanced a sweeping tax and spending bill that intensifies social inequality and deepens the bipartisan assault on the working class. The legislation, designed to expand tax cuts for the wealthy while slashing Medicaid and other vital programs, is a continuation of the Trump administration's drive to redistribute wealth upwards to the billionaire oligarchy and impose austerity on the poor and vulnerable.

The Senate proposal contains changes to the bill adopted by the House of Representatives. These differences, according to Reuters, "could complicate party leaders' goal of passing the bill, which is the centerpiece of Trump's domestic agenda, before a self-imposed July 4 deadline."

A cornerstone of the Senate bill is the permanent extension and expansion of the 2017 Trump tax cuts, which overwhelmingly benefited corporations and the wealthiest Americans. The legislation makes permanent a range of lucrative tax breaks for businesses, including deductions for research and development and capital investments, while offering additional credits for select groups such as seniors.

The bill also maintains the \$10,000 cap on state and local tax (SALT) deductions, a provision that primarily benefits high-income households in lower-tax states and further entrenches the regressive character of the tax code.

According to the Congressional Budget Office (CBO), the tax cuts will add nearly \$2.8 trillion to the federal deficit over the next decade, with a majority of the financial benefits flowing to the top one percent of income earners.

At the same time, the bill targets Medicaid—the primary health insurance program for low-income Americans—and goes further than the House bill. The CBO estimates that the legislation would reduce federal Medicaid spending by \$723 billion over 10 years, resulting in a projected loss of coverage for 10.3 million people by 2034.

The bill imposes new work requirements on able-bodied adults, including parents of older children, not just childless adults as in the House version. It repeals simplified eligibility rules and increases the frequency of eligibility redeterminations, making it harder for people to stay enrolled.

The bill phases down the maximum allowable provider tax rate from 6 percent to 3.5 percent in Medicaid expansion states, which

means slashing state funding and forcing further cuts to coverage and services. These measures are designed to finance the tax cuts for the wealthy and push millions—especially the poor, disabled, and working-class families—off the Medicaid rolls.

The impact of these cuts cannot be overstated. Medicaid currently covers more than 80 million people, including children, the elderly, the disabled and low-income families. The most vulnerable among them will be hardest hit. The phase-down of provider taxes will devastate state budgets and force cuts to other essential services, compounding the impact of the bill.

In addition to Medicaid cuts, the Senate Republican budget bill includes cuts and rollbacks to several other major social programs:

Medicare: The bill is projected to trigger significant future cuts to Medicare—the government health insurance program for retirees and others—especially due to the Statutory Pay-As-You-Go Act (S-PAYGO). Because the legislation increases the deficit, S-PAYGO would require automatic reductions—estimated at \$45 billion in Medicare cuts for fiscal year 2026 alone, with more cuts in subsequent years. This would undermine access to care for millions of older adults and people with disabilities, particularly by shifting long-term care costs to states, likely resulting in reduced Home- and Community-Based Services (HCBS) and the effective repeal of the Nursing Home Minimum Staffing Rule.

Supplemental Nutrition Assistance Program (SNAP): The bill expands work requirements for SNAP (food stamp) recipients, raising the age limit for mandatory work from 50 to 64 and including parents of school-age children older than 10, as opposed to the House bill, which set the cutoff at age 7. Recipients must work at least 80 hours per month or participate in community service to qualify.

Green Energy and Clean Energy Incentives: The legislation eliminates tax credits and subsidies for wind and solar energy, as well as for electric vehicles and rooftop solar systems. The removal of these credits threatens the solar sector and disrupts clean energy markets, reversing many of the incentives introduced during the Biden administration.

Other Social Programs: The bill's deficit increase could trigger additional automatic cuts to a range of federal programs that support older adults and people with disabilities, as required by S-PAYGO.

In summary, the Senate Republican budget bill cuts deeply into

critical health care and other programs while setting up future automatic reductions to essential social services that millions of Americans rely on for health, nutrition, and economic stability.

The explosion in federal debt resulting from the tax cuts will drive up interest payments dramatically. The CBO projects that net interest payments on the national debt will reach \$952 billion in 2025, rising to \$1 trillion by 2026 and nearly \$1.8 trillion by 2035.

These payments will soon surpass all other federal spending except Social Security, crowding out resources for the public. The Senate bill raises the federal debt ceiling by \$5 trillion, \$1 trillion more than the House version, to accommodate the massive increase in borrowing required to finance the debt. Meanwhile, the interest payments are a further boon for wealthy Wall Street investors who finance the deficit.

The long-term economic implications of increased interest payments resulting from the deficit spike are substantial and far-reaching. Among the impacts is the fact that the surge in federal debt will raise both short- and long-term interest rates.

Senate Republicans have openly acknowledged the bill's impact on Medicaid and the deficit. Senate Finance Committee Chair Mike Crapo (R-Idaho) boasted that the proposal would achieve "significant savings" by "targeting waste, fraud and abuse," a euphemism used by the Trump administration for shutting down government agencies and entire departments.

Missouri Senator Josh Hawley admitted, "This bill needs a lot of work," after learning of the Medicaid provider tax restrictions, signaling concern even among some Republicans about the scale of the cuts. The focus, however, remains on delivering tax cuts for the wealthy, regardless of the human cost.

Democratic leaders, as expected, have responded with verbal opposition but no meaningful political campaign against it. Senate Finance Committee Chair Ron Wyden (D-Ore.) stated, "I'm going to continue to work with my colleagues to build a revenue menu to get good ideas," emphasizing his willingness to work with the fascists in Congress rather than mobilizing opposition to the current bill.

Senator Mark Warner (D-Va.) called the coming tax debate "Tax Armageddon" and declared, "It's time to suit up," but offered no strategy to block the Republican rampage. Democrats have justified their impotence by pointing to procedural obstacles and the need for bipartisan cooperation, even as they allow the assault on Medicaid and social programs to move forward.

Health care experts and advocates have issued dire warnings about the consequences of the Medicaid cuts. Hospital leaders warn of "significant risks to patient access, insurance coverage and financial stability for providers," especially in rural and low-income areas.

Children will lose access to routine and emergency care, the elderly will be forced into poverty or left without necessary long-term care, and people with disabilities will be denied the services they need to survive. The bill will deepen health disparities, increase preventable deaths, and drive millions into poverty and desperation.

In our coverage of the House bill, the *World Socialist Web Site* wrote:

The Democrats' opposition is purely for show. They have no intention of mobilizing mass opposition to Trump's fascist agenda and are complicit in the bipartisan drive to dismantle what remains of the social safety net.

The WSWS has warned that the Democrats' response is dictated by their own allegiance to Wall Street and the financial oligarchy, and stressed that they will not call for mass opposition to the destruction of Medicaid and other vital programs out of fear that such a movement would threaten the for-profit health care industry and the capitalist system.

Like the House version, the Senate bill would transfer trillions to the wealthiest layers of society and build up the repressive apparatus of the state and the military-industrial complex. The bill includes increased spending on Homeland Security and the military, escalating attacks on immigrants and funding for wars such as the Israeli genocide in Gaza and expanding conflict with Iran, and to prepare for future wars.

While Congress claims there is no money for health care, education or housing, there are unlimited resources to enrich the billionaires, build a border wall and expand US imperialism.

On June 14, millions of people across the United States joined together to protest Donald Trump's moves to dictatorship. Demonstrators denounced budget cuts, tax handouts for the rich, and the escalating repression of immigrant workers.

The protests reflect the deep and growing anger of the public against the bipartisan assault on their living standards, rights and future. The Senate Republican budget bill—with tacit support from the Democratic Party—represents a historic transfer of government resources to the private wealth accumulation of the financial oligarchy, while further impoverishing millions of the most vulnerable in society.



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