

US rural healthcare collapse accelerates under Medicaid cuts and privatization

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Rural hospitals are in a continued and escalating state of crisis, impacting the health outcomes for an estimated 60 million Americans. One-third of all rural healthcare facilities nationwide are at risk of closing, according to an analysis from Healthcare Quality and Payment Reform. This represents a staggering 734 rural hospitals.

This crisis is the product of decades of subordinating healthcare to the profit motive. But it is now being dramatically accelerated by the Trump administration's open offensive against every social program won by the working class in the 20th century. Driven by a frenzy for profit and the demands of imperialist war preparation, the ruling class is demolishing what remains of the public health infrastructure.

The "One Big Beautiful Bill," signed into law by Trump on July 4, 2025, is the legislative centerpiece of this assault. It authorizes one of the largest redistributions of wealth from the poorest to the wealthiest in American history, making permanent \$3.8 trillion in tax cuts overwhelmingly benefiting corporations and the rich, while gutting the social programs working people depend on.

The bill slashes Medicaid by more than \$900 billion over a decade, representing approximately 15 percent of total federal Medicaid spending, through work requirements, eligibility restrictions and the rollback of simplified enrollment procedures. It simultaneously sets up nearly \$500 billion in automatic Medicare cuts through federal "pay-as-you-go" rules triggered by the resulting deficit expansion. The Congressional Budget Office estimates that 10.9 million people will lose coverage directly through the bill's Medicaid and ACA (Affordable Care Act) provisions, a figure that swells to 16–17 million when accounting for the expiration of enhanced ACA subsidies.

For rural hospitals, whose survival depends overwhelmingly on Medicaid and Medicare reimbursements, these cuts are a death sentence. A study by the University of North Carolina Sheps Center for Health Services Research found that 338 rural hospitals are at risk of imminent closure under the bill's Medicaid provisions alone. When a rural hospital closes, residents must travel an average of 20 additional miles for common care and 40 miles for specialized treatment, which directly translate into preventable deaths from time-sensitive conditions. The National Rural Health Association predicts "deep harm" to rural patients, with many areas potentially losing their only hospital or emergency department.

The crisis extends far beyond hospitals. According to a report released last year by Good RX, approximately 81 percent of counties in the United States are considered healthcare deserts in at least one category, meaning large portions of the population have limited access to critical services like pharmacies, primary care, hospitals, hospital beds, trauma centers or community health centers. Estimates suggest that over 120 million Americans, roughly one in three, reside in counties identified as healthcare deserts.

According to an analysis by the Center for Healthcare Quality and Payment Reform, since late 2020, rural America has seen a sharp erosion of maternity care, with 124 hospitals either closing their labor and delivery units or planning to shut them down by the end of 2026, representing a 12 percent loss in these critical services. Maternity care is often cut because it costs a lot to provide care but brings in less profit than other medical services. Hospitals and insurers may close birthing units or reduce coverage to save money and focus on more profitable treatments. Nationwide only 41 percent of rural hospitals are still providing labor

and delivery services, leaving many women with no choice but to travel great distances to have their baby delivered, increasing the risk of complications.

The Trump administration is attempting to cover up their demolition of the rural healthcare system. At a House Ways and Means Committee hearing last month, Health and Human Services (HHS) Secretary Robert F. Kennedy Jr. was asked about the crisis of rural healthcare by Adrian Smith, a Republican representative from Nebraska. Kennedy responded saying, “Last week I went to Arizona to announce an unprecedented \$125 million investment in community health centers which are serving 39 million Americans mainly in rural areas around the country.”

Kennedy is trying to claim credit for a \$125 million investment in community health centers while simultaneously supporting and defending the gutting of Medicaid, which is the primary source of funding for those very same community health centers. He went on to say, “President Trump made the biggest investment in rural health care in American history, a \$50 billion rural health transformation fund.”

The Rural Health Transformation Program (RHTP) is not a panacea for rural healthcare. It is an accounting offset designed to facilitate large-scale austerity and the marketization of rural care, while providing political cover for the destruction of permanent public health entitlements. Passed as part of the “One Big Beautiful Bill,” the \$50 billion is distributed over a five-year period and is conditional upon an agreed investment plan between the state and federal government, including restricting access to certain funds for states that are not adopting “Make America Healthy Again” (MAHA) policies.

Additionally, the \$40 billion in cuts to the HHS last year directly impacted rural healthcare funding through the elimination of grants. The *World Socialist Web Site* described these cuts as “a deliberate, fascistic effort to destroy the infrastructure of scientific research and public health that underpins modern society. The aim is to return the working class to conditions of social misery and industrial exploitation not seen since the 19th century.”

The Trump administration has made unmistakably clear that the subordination of society to war is their explicit program. At a closed Easter lunch at the White House last month, Trump stated it in plain terms:

“Don’t send any money for daycare—we’re fighting wars. ... It’s not possible for us to take care of daycare, Medicaid, Medicare. ... We have to take care of one thing: military protection.” He dismissed Social Security, Medicare and Medicaid as “little scams.”

The destruction of rural healthcare is not an oversight, a policy failure, or the product of Republican indifference alone. It is the deliberate, conscious program of a ruling class that has made its priorities clear: war and profit above the lives of workers. The Democratic Party, which oversaw decades of underfunding and marketization of the healthcare system before Trump, offers no solution. Its leadership has accommodated itself to this destruction, providing the bipartisan military funding on which the Trump administration relies.



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