



# HOUSE COMMITTEE ON THE BUDGET

RANKING MEMBER BRENDAN F. BOYLE

## TRUMP'S BIG UGLY LAW TRIGGERS \$536 BILLION IN MEDICARE CUTS

August 15, 2025

The nonpartisan CBO confirmed that the Big Ugly Law (Public Law 119-21) [will trigger \\$536 billion in Medicare cuts over a decade](#). The automatic cuts to Medicare result from an end of year sequester under the Statutory Pay-As-You-Go Act (PAYGO).

### What is Statutory PAYGO?

PAYGO is a rule requiring that new authorizing legislation not increase the federal budget deficit unless it is offset by other legislation.

### How is Statutory PAYGO enforced?

OMB tracks budgetary effects of enacted legislation on five- and ten-year "scorecards" to enforce this rule. At the end of each year, if either one of these scorecards shows a net deficit balance, OMB must execute the sequester to offset it, unless an act of Congress prevents or postpones the sequester.

### How is sequestration calculated?

OMB calculates a "uniform percentage" – meaning a percentage that applies to all applicable programs equally – that would result in savings from an across the board cut in the budget year equal to the net cost on the PAYGO scorecard for that year. However, Statutory PAYGO exempts numerous programs from sequestration, including Social Security, veterans' benefits, Medicaid, the Supplemental Nutrition Assistance Program, and Supplemental Security Income. **Most Medicare payments are subject to sequestration, but under the law, they cannot be reduced by more than four percent.**

CBO [estimates](#) that under PAYGO, the enacted bill will cause a \$45 billion cut to Medicare in 2026, growing to \$76 billion in 2034 and totaling \$536 billion over the 2026 through 2034 period.

While Congress has acted to prevent those automatic cuts in the past, we know that some members of this Republican caucus are demanding even deeper cuts to health care and other essential programs that Americans depend on. They may even welcome a chance to make politically unpopular cuts through an automatic method like sequestration that does not require a vote of Congress.

*This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.*



**Local Impacts:** See the impacts of the Big Ugly Law using the House Budget Committee's microsite, which contains information about health care and food assistance specific to your community:

[democrats-budget.house.gov/legislation/biguglylaw](https://democrats-budget.house.gov/legislation/biguglylaw)