

Threats To Medicaid Financing in the 119th Congress and Older Adults/People with Disabilities

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Medicaid Funding Fast Facts

- Medicaid covers nearly 73M people.
- It's an entitlement, meaning it covers the actual amount spent on care.
- There is no maximum amount.
- Its cost is divided between states and the federal government. Each states pay a different portion, depending on a formula (FMAP).

Medicaid & Disability/Aging Fast Facts

- Over 6 million adults receive Medicaid-funded LTSS. ([Community Living Equity Center](#))
- Medicaid is the primary payer of LTSS, this is particularly true for HCBS.
- In 2020, 6% of Medicaid enrolled use LTSS, but those enrolled made up 37% of Medicaid expenditures. ([KFF](#))

Republican Health Care Proposals

- Republicans have proposed at least **six ways** to gut federal Medicaid funding.
- Every proposal leads to massive cuts in services, enrollment, and/or reimbursement rates.
- We do not know which strategy, or combination of strategies, Republicans will use, or which order they will use them.

Our mission: learn their weapons, defend against them.

Top 6 Threats

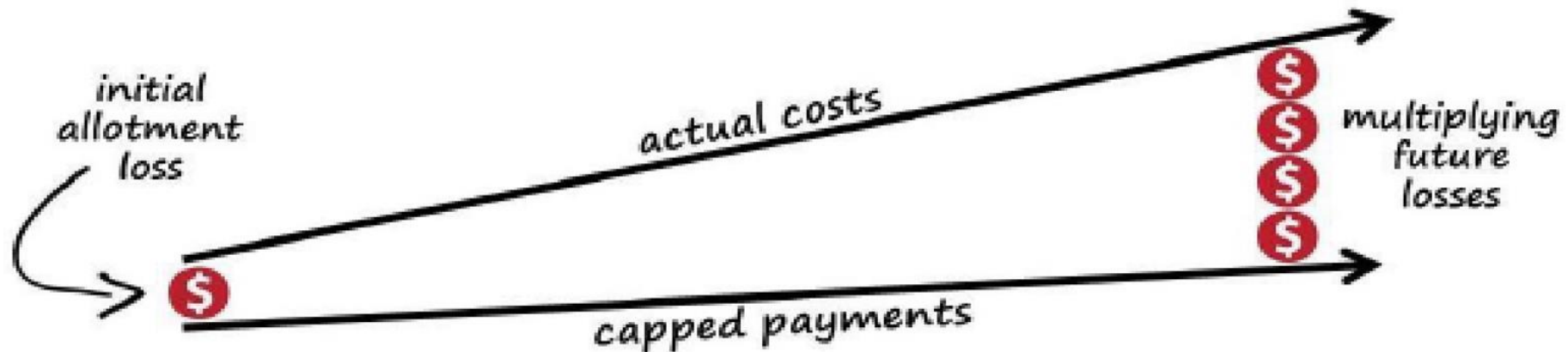
1. Block Grants
2. Per Capita Caps
3. Cutting the Federal Medical Assistance Percentage (FMAP)
4. Work Requirements
5. Repealing Rules that Protect Enrollees
6. Restricting Provider Taxes

Threat # 1 – Block Grants

- A block grant is where there is set amount of federal money per state to cover Medicaid services.
- This block grant does not change if enrollment rises, cost of care rises, or new health threats emerge.
- Some proposals include small increases each year, but those increases are always less than the actual cost of care.
- The block grant can be of any size, but all previous proposals have all included massive cuts, which get worse over time.
 - Example: A 2017 legislative proposal would have cut federal funding by 25% over 10 years, 30% over 20 years. ([CBO estimate of BCRA](#))

Threat # 2 – Per Capita Caps

- State receives a capped allotment per enrollee.
- The cap may increase by a little every year, but that increase is not set to keep up with actual costs.
- The amount per person does not rise even if costs of care rise or new threats emerge.
- The per capita cap can be of any size, but previous proposals have always included massive cuts, which by design get worse over time.



Threat # 3 – Cutting the Federal Medical Assistance Percentage (FMAP)

FMAP = the portion of Medicaid costs that the federal government pays. Each state has a different FMAP, depending on a formula., but all states get 90% FMAP for Medicaid expansion.

- Cut Funding for Medicaid Expansion— eliminating the 90% enhanced FMAP.
 - Massive cost shift to states.
 - Automatically ends Medicaid expansion in up to 12 states. ([CCF](#)).
 - Prevents remaining 10 states from ever adopting expansion.
 - Effectively ends Medicaid expansion in many more states.
- Cut the FMAP for all populations (“remove the floor”).
 - Currently, all states get at least 50% funds.
 - Massive cost shift to states.

Threat # 4 – Work Requirements

- Work requirements are Medicaid cuts by another name.
- Work requirements create excessive red tape, and cause people to lose health care.
- CBO has estimated that past work requirement proposals cut [\\$109 billion from federal Medicaid](#) over 10 years, primarily by cutting people off and shifting costs to the states.
- Most working age adults enrolled in Medicaid already work, and work requirements do not increase employment.
- Exceptions processes for disabled people and caregivers do not work.
- Forces people with disabilities to choose between work and Medicaid.

Threat # 5: Repealing Rules that Protect Enrollees

- Repeal Streamlining Eligibility and Enrollment Rule – \$164 billion cut over ten years ([CBO](#))
 - The rule helps people with disabilities and older adults by removing administrative burdens to continuation of coverage and eligibility determinations, and allows people to deduct out of pocket costs for HCBS for purposes of eligibility. ([NHeLP, How E&E rule helps disabled people and older adults stay enrolled](#)).
- Repeal the Nursing Facility Minimum Staffing Rule – \$25 billion cut over ten years ([Committee for a Responsible Federal Budget estimate](#))
- Other rules at risk as well.

Threat # 6 – Provider Taxes

- Provider and insurer taxes help states generate funding for their portion of Medicaid costs.
- Every state has some version of these taxes, they are regulated by federal law, and they have been part of Medicaid for decades.
- Proposals typically further restrict allowable provider taxes.
- Restricting how states fund their share of Medicaid will create giant holes in state budgets, and cuts to Medicaid. ([CBPP](#))

Impact of Cuts on PWDs and Older Adults

All roads lead to same outcome: severe cuts to federal Medicaid funding.

Federal cuts force states to fill massive budget holes.

States can close these holes by:

- 1) cutting optional benefits (HCBS!)
- 2) cutting provider rates (Workforce shortage!)
- 3) cutting enrollment (Waitlists! Stricter eligibility! Loss of coverage due to red tape!)

There is no way to carve out or “shield” older adults and people with disabilities from harm.

Thank you for joining us

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