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Diagnosis and Treatment:

Why the House Republican Budget Plan is not Responsible Medicaid Policy

The recent Republican House Budget Committee Report, [The War on Poverty: 50 Years Later](#), noted several legitimate problems with the Medicaid and CHIP programs. However, the House Republican budget rejects current policies under the Affordable Care Act that are addressing these concerns and instead proposes policies that will exacerbate these problems. The Republican “solution” is to make dramatic cuts to Medicaid funding levels and for Congress to abdicate federal oversight over the program by converting it into a block grant. **The Republican budget cuts more than one trillion dollars from the Medicaid program over the next decade compared to what the Congressional Budget Office (CBO) projects will be spent over that period when both the elimination of the expansion under the Affordable Care Act and the slashing and block-granting of the base program are considered.**

The following problems were noted in the Republican Budget Committee Report, [The War on Poverty: 50 Years Later](#):

- Lack of access to providers, particularly primary care providers, due to low reimbursement rates,
- Lack of sign-up among eligible individuals, and
- A complicated enrollment process.

The Republican budget rejects current law-policies that address these problems. By *claiming*¹ to repeal the Affordable Care Act, the Republican budget rejects policies that increase provider reimbursement levels, encourage sign-up among eligible individuals, and simplify the Medicaid enrollment process. The Affordable Care Act aims to expand access to primary care providers for Medicaid enrollees by increasing Medicaid primary care reimbursement rates up to 100 percent of Medicare levels. The President’s budget and the Democratic Alternative budget support extending this policy and expanding it to mid-level providers who practice independently. The Affordable Care Act’s outreach and enrollment efforts and the requirement that individuals who can afford health insurance must maintain coverage helps to encourage the take-up of health insurance, even among those already eligible for Medicaid. And, under the Affordable Care Act, all states must implement a new simplified enrollment process and single streamlined application.

¹ While claiming to support full repeal of the law, the Republican budget in fact maintains all of the Medicare savings and the revenues that are included in the Affordable Care Act, though Republican Committee Members claim they will replace those savings and revenues with as-yet unspecified other sources.

(continued on reverse)

The Republican budget goes a step further, slashing Medicaid funding and calling for turning Medicaid into a block grant, which will make these problems worse. Under the Republican Medicaid policy, states might reduce primary care provider reimbursement rates or turn eligible families away from coverage. In their analysis of the Republicans' nearly identical proposal to block-grant Medicaid in a previous budget, the nonpartisan CBO explained that some of the "cutbacks" that states might consider under this type of policy are "lower payments to providers" or "reduced eligibility for Medicaid or CHIP," both of which "would reduce access to care." Under budgetary and economic pressures and without federal oversight, states could also establish more complicated enrollment processes in order to deter enrollment.

The Republican proposals ignore the efficiency and flexibility of the current Medicaid program. State Medicaid programs are already very efficient, and states already have lots of flexibility in their Medicaid programs. Nearly every state has a current CMS waiver for increased flexibility in their Medicaid program that, for example, allows them to use a managed care delivery system or provide long-term care in community settings. Block-granting Medicaid would limit the ability of state programs to respond to increased need during economic downturns or to an aging population that requires additional long-term care services. These policies would inevitably lead to dramatic cuts in health care support for people who depend on Medicaid, imposing serious financial hardship on them and their families. The individuals who are most likely to lose services under the Republican proposal are the vulnerable groups that account for the majority of program spending – the aged and disabled.

The reduction in Medicaid coverage would have dramatic negative effects on the health and financial security of beneficiaries. Sixty million people rely on the health care safety net provided by Medicaid, including one out of every three children in the country. Medicaid improves health, access to health services, and financial security. Studies have found that Medicaid coverage lowers infant, child, and adult mortality rates and increases the use of critical preventive services – such as cancer screenings and prenatal care. Medicaid coverage also virtually eliminates catastrophic out-of-pocket medical expenditures.

Democrats and Republicans agree on some of the problems with the Medicaid program, but only Democrats are proposing responsible solutions. The Affordable Care Act addresses many of the problems that the House Budget Committee Republicans identified in the Medicaid program, and building on some of these solutions will require resources. But Republicans reject these solutions, insisting instead on repeated attempts to repeal a law that is benefitting millions of Americans and has established the right of people with pre-existing conditions to have equal access to health care. The Republican budget goes a step further, proposing reckless policies that would exacerbate the problems identified in the Republican report on poverty and would jeopardize the health care of the most vulnerable members of our society.