

Medicaid Reform: Who Stands to Pay the Price?

On May 4, 2017, House Republicans narrowly passed a bill to “repeal and replace” the Affordable Care Act. Beyond its effect on the ACA, the House bill would radically alter and cap federal funding for the Medicaid program.

According to the nonpartisan Congressional Budget Office (CBO), the House bill would reduce federal funding for Medicaid by [\\$839 billion](#) over ten years.

For over 50 years, the Medicaid program has been a commitment shared by the states and the federal government. Pennsylvania cannot afford to increase its share; the state already faces a three billion dollar budget deficit. In response to such a drastic reduction in federal funding, Pennsylvania would have no choice but to limit Medicaid enrollment and cut benefits.

What the House bill does to Medicaid:

Rolls back Medicaid Expansion

- Over 700,000 Pennsylvanians have enrolled in expanded Medicaid. The House bill would freeze enhanced federal funding for any new enrollment in 2020. Unless Pennsylvania is able to increase its share five-fold (from 10% to nearly 50%) in 2020, it would have to end enrollment into Medicaid expansion, and low-income parents and working families would be left in the lurch.
- The House bill would also stop enhanced funding in 2020 for any grandfathered expansion enrollees who have a break in coverage. [Fewer than half](#) of people eligible for expanded Medicaid stay continuously eligible over the course of a year. As enrollees cycled on and off coverage, the House bill would slowly starve states of their federal Medicaid reimbursements.

Cuts and Caps Funding for Traditional Medicaid

- The House bill would radically alter the funding structure for Medicaid by imposing a “per-capita” cap. A per-capita cap sends a fixed amount to states for each enrollee, rather than reimbursing states for their actual costs. This would shift the burden of new treatments (Hepatitis C drugs, e.g.) onto the states.
- As detailed in the CBO analysis, repealing Medicaid’s open-ended funding structure would translate into additional reductions in federal funding, with the cuts increasing year over year.

Who stands to pay the price in Pennsylvania?

With cuts to Medicaid funding that grow over time, the CBO [estimates](#) that the House bill would reduce federal reimbursements 25 percent by 2026. When Pennsylvania policymakers are left in the untenable position of having to decide which services are most valuable and which enrollees are most worthy, who would pay the price?

- **Adults who need Drug & Alcohol Treatment** – The opioid crisis claims ten lives a day in Pennsylvania. Among the 700,000 Pennsylvanians who have enrolled in expanded Medicaid, [over 124,000](#) have accessed drug and alcohol treatment. Medicaid is the state’s largest payer of substance use services.
- **Pregnant Women** – Medicaid helps pregnant women get adequate prenatal and post-partum care. It covers [more than 1 in 3 births](#) (39%) in Pennsylvania.
- **Children with Special Needs** – Medicaid is a crucial payer of early intervention therapies, in-home nursing, and other services for [children with severe physical or behavioral disabilities](#) or autism spectrum disorder.
- **Adults with Disabilities** – [722,000 adults](#) with disabilities rely on Medicaid for their medical care. Older adults and adults with disabilities accounted for [72 percent](#) of pre-expansion spending.
- **Low-Income Medicare Beneficiaries** – [443,500](#) Medicare beneficiaries in Pennsylvania rely on Medicaid for help with Medicare cost-sharing and for services, like long-term care, not provided by Medicare.
- **Home & Community Based Service Recipients** – Over 66,000 Pennsylvanians rely on Medicaid’s “waiver” programs for services like personal care attendants to help them stay out of a nursing home and live independently.
- **Nursing Home Residents** – Given the extraordinary cost of long-term care, Medicaid is a crucial resource for low-income and middle-class Pennsylvanians. Medicaid helps pay for the costs of care for [64 percent](#) of nursing home residents.
- **Children** – Medicaid and CHIP in Pennsylvania cover [1.4 million children](#), helping to increase the state’s coverage rate for children to 96 percent.
- **Low-Wage Workers** – Nearly [three out of four](#) (71%) Pennsylvania Medicaid enrollees are in a family with at least one person working. Medicaid provides the affordable coverage low-wage workers need to get and stay healthy.

What can be done?

Speak out! Share your stories about Medicaid’s value and the importance of continued federal funding with your [U.S. Representatives](#) and [Senators](#).