Medicaid Per Capita Caps Talking Points and Things to Consider

On Feb. 16, the House Republicans shared a draft plan (see 19 page briefing packet) to repeal and replace the Patient Protection and Affordable Care Act (ACA). The proposal would use cuts to Medicaid to "pay for" the repeal of the ACA. The proposal would let states choose whether to accept federal Medicaid funding as a per capita cap or block grant. While the plan is short on details, like the level of federal funding, it's clear that federal funding would be well below levels under current law. The budget approved by the Republican controlled House Budget Committee and supported by Ryan is a good window into the level of federal cuts envisioned. That proposal would cut state federal Medicaid funding by $1 trillion over 10 years.

Cuts of that magnitude would pass significant health care costs to states—costs that states will not be able to make up.

The plan assumes per capita caps as the default way states would receive federal Medicaid dollars:

- The federal funding for each enrollee would be "capped" based on a state's Medicaid matching rate and adjusted for different types of enrollees: seniors, blind and disabled people, adults, and children.
- There would be no Medicaid expansions allowed after January 1, 2016.
- For existing expansions, the enhanced federal match would be gradually phased-out (no details provided).
- Caps would begin in 2019, with federal funding based on 2016 spending adjusted to 2019 based on general inflation. The federal share would increase annually, based on general inflation.

Some Members of Congress might be led to believe that Per Capita Caps would be a better than block grants; however, like Block Grants, Per Capita Caps will lead to huge cost-shifts to states and people that would ultimately lead to cuts in health and long term services and supports. They need to understand that under both approaches—per capita caps or block grants—would let states impose more costs on Medicaid enrollees, use waiting lists and caps, and set up other program requirements and terminate enrollees who don't comply. In short, the flexibility envisioned seems to focus on giving states more latitude to decide whom and which services and provider payments to cut and when.

States would lose other critical services such as personal care attendants, mental health services, prescription drugs, and rehabilitative and habilitative services. If funds become scarcer, states may decide to stop providing these services altogether.

States could return to the days of relying on institutional care that is ultimately more costly and not where most people do not want to live.

While the plan is short on important details, it is long on providing misinformation about the Medicaid program, making the program like a failure, pit enrollee groups against each other, and infer that many adults who depend on Medicaid for health insurance just aren't trying hard enough. However, there's plenty of evidence to show that Medicaid and the Medicaid is working.

- Medicaid provides health care for one in five Americans, including people with disabilities, working families, children, and seniors. For people with disabilities, Medicaid is the primary health insurance program; it currently covers over 10 million non-elderly people with disabilities. Medicaid is particularly important for people with disabilities because they often lack access to employer-based or other private coverage, typically have greater medical needs, and may need essential medical supplies like a wheelchair.
- Medicaid helps make life in the community possible. For many people with disabilities, Medicaid is the only source of services that help them to live and work in the community with friends and families. Medicaid helps both children and adults with a significant disability to remain at home and avoid being placed in costlier and harmful segregated nursing homes or institutions. Medicaid also provides long term supports and services such as personal care aides who help people in their own homes with basic human needs such as bathing, dressing, eating, and managing medications. It can even provide supports in the workplace for individuals with disabilities who are employed.

- Medicaid is federal-state partnership. States can tailor services to meet their residents' needs, while also guaranteeing core services and rights. The federal government pays for nearly 60 percent of Medicaid costs, on average, with a match rate that varies from state to state. Under the current structure, the federal government has a commitment to help states cover costs, and in turn states must provide specific benefits to certain groups of people, including people with disabilities. Nationwide, state, and federal Medicaid together provide more than 75% of the funding for services for people with intellectual and developmental disabilities (I/DD).
- Medicaid's costs per beneficiary are substantially lower than for private insurance and have been growing more slowly than per-beneficiary costs under private employer coverage.
- Medicaid provides more comprehensive benefits than private insurance at significantly lower out-of-pocket cost to beneficiaries.
- Medicaid already gives states significant flexibility to design their own programs — whom they cover, what benefits they provide, and how they deliver health care services.

The research also shows that the current funding structure based on matching state spending protects states and allows them to best serve their residents' health care needs.

Thanks to The Arc of the United States and Families USA for many of the talking points provided in this summary.