

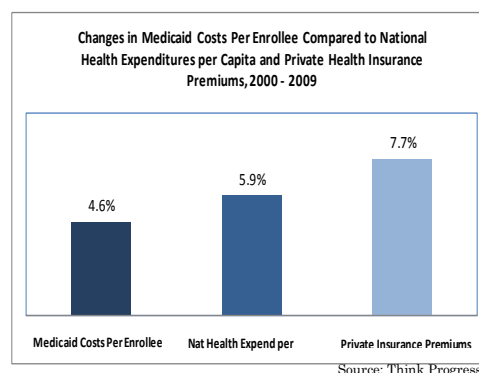
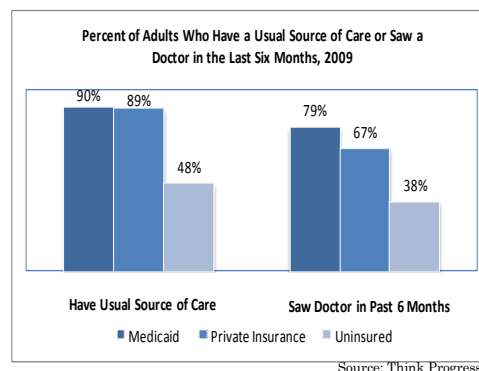
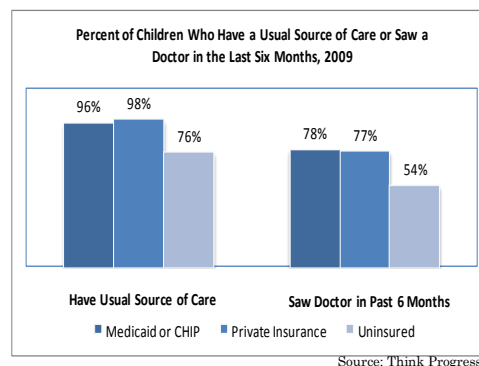
THE IMPLICATIONS OF MEDICAID FOR LOW-INCOME COMMUNITIES



The Facts

Recent efforts to sharply cut back funding and support for Medicaid go beyond Washington politics—they threaten the health of millions of Americans. For the past 45 years, Medicaid has been a largely successful program that delivers essential health services to a large segment of the population. Our country’s most vulnerable citizens, including children, low-income parents, pregnant women, seniors and those with disabilities have all benefited from this social service jointly administered by federal and state governments, as well as the Children’s Health Insurance Program (CHIP). By expanding coverage and access - as well as financial protection - to many Americans, Medicaid has proved itself to be an effective program that delivers substantial value to the nation at large by improving health outcomes among people who otherwise would not be able to afford basic and necessary health care:

- In 2010, Medicaid served about 67 million Americans.¹
- Medicaid offers a broad range of selective services for millions of children, adults, elderly, and disabled people who tend to be less healthy than those covered by private health insurance.¹
- Medicaid insures more people during times of economic hardship and high unemployment as private health insurance declines.¹
- Medicaid improves access to health care as more publicly insured children and adults (78% and 79% respectively) in 2009 had seen a doctor within the past 6 months than privately insured children and adults (77% and 67% respectively).²
- Publicly insured children and adults with chronic illnesses were more likely to receive the proper treatment and medications than those who were privately insured.¹
- Consistent low-cost sharing maintains access and financial protection for Medicaid’s beneficiaries.³
- Medicaid and CHIP help improve health as expansion from the 1980s to the early 2000s led to reduction in external and illness-related childhood mortality.¹
- Medicaid continues to be a financially lean program with the average per person annual cost of serving an adult on Medicaid being 20% less than under private insurance and the annual cost of serving a child on Medicaid or CHIP being 27 percent less than under private insurance.¹



“... almost all children covered by Medicaid or CHIP children have a usual source of care and about nine out of ten publicly- and privately-insured adults had a usual source of care, compared to less than half of uninsured adults.”¹

1. Ku, Leighton, and Christine Ferguson. *Medicaid Works: A Review of How Public Insurance Protects the Health and Finances of Children and Other Vulnerable Populations*. Rep. Washington D.C.: First Focus, 2011. Print.
 2. Volsky, Igor. "The Importance Of Medicaid In Three Charts." *ThinkProgress*. 13 June 2011. Web. 27 June 2011. <<http://thinkprogress.org/health/2011/06/13/243603/the-importance-of-medicaid-in-three-charts/>>.
 3. Angeles, January. *Ryan Medicaid Block Grant Would Cause Severe Reductions in Health Care and Long-Term Care for Seniors, People with Disabilities, and Children*. Issue brief. 2011. *Center on Budget and Policy Priorities*. Web. 27 June 2011. <<http://www.cbpp.org/cms/index.cfm?fa=view&id=3483>>.

The Problem

Despite the effectiveness and efficiency of Medicaid, some members of Congress believe that the rising costs of the program, its structure, and strong dependence on the federal government has turned it into more of a burden than anything else. Others have gone so far as to label Medicaid as a “medical ghetto,” in which individuals are better off uninsured than insured under the public program.⁴ This line of thinking opposes the growth of Medicaid, pushes for more state discretion and responsibility, and consequently, increases the need for coverage from private sources of insurance.¹

On April 15, 2011, the U.S. House of Representatives passed a budget plan crafted by House Budget Committee Chairman Paul Ryan that would actualize these oppositions to Medicaid and dramatically change the program as we know it. The Ryan plan would cut Medicaid by \$1.4 trillion over the next decade, including reversing the expansions under President Obama’s Affordable Care Act and cutting an additional \$771 billion from the program.³ By converting Medicaid into a block grant largely managed by state governments, federal funding would decrease by 35% in 2022 and by 49% in 2030.³

Starting in 2013, states would gain more discretion, but they would also acquire a significant load of Medicaid’s rising costs. At this point, states will have to either:

- Use some of their own funding by cutting from other programs;¹ or,
- Drastically reduce the effectiveness of Medicaid (i.e. by limiting eligibility, capping enrollment further lowering the payment to health care providers, or reducing benefits and raising the cost-sharing levels for the low-income and vulnerable populations who strongly rely on the program).¹

What Will Happen

If the Ryan plan were to go into effect:

- **Seniors** could receive less coverage and higher costs as nursing home residents.⁶ Severe budget cuts would lead to the reduction or even elimination of long-term care both in and outside of nursing homes, as well as increased payment of premiums and cost-sharing charges for these already low-income beneficiaries.³
- **People with Disabilities**, who account for about 42% of Medicaid expenditures and rely heavily on the program’s coverage, will be among those most hurt by reduced funding.³ Capping enrollment or scaling back eligibility would likely place these individuals among the uninsured or looking for the scarce alternatives that likely won’t be able to accommodate their accurate, high-cost and long-term treatment.³

It is estimated that “by 2021 Medicaid would serve about 40 million fewer people over the course of the year than are currently projected by the CBO (Congressional Budget Office).”²¹

- The near 30 million **Children** who are insured through Medicaid and account for almost half of the program’s beneficiaries would greatly suffer from enrollment caps through loss of coverage and of the Early Periodic Screening, Diagnostic and Treatment (EPSDT), which ensure early preventive care and follow-up treatment.¹ The push towards private coverage, and even the introduction of premiums and co-payments as low as 1% of a family’s income could lead to a 15% reduction in participation.³

- **Parents** who already have few options for affordable coverage could be charged high premiums and cost-sharing.³ Additionally, low income **Pregnant Women** who heavily rely on Medicaid would lose out on effective prenatal care that helps improve birth outcomes across the country.³

- Cutting Medicaid funding doesn’t just affect low-income individuals, but also disproportionately affects **Communities of Color**.⁵ Members of these communities, including blacks, Asians, and Hispanics, who receive coverage through Medicaid, account for:

* **43% of Seniors**

* **43% of People with Disabilities**

* **59% of Children**

* **61% of Adults (Parents & Pregnant Women)⁵**

Conclusions

From the data, it becomes increasingly evident that reducing federal funding of Medicaid under the Ryan budget plan will certainly do more harm than help. Low-income groups, communities of color, and millions of our nation’s most vulnerable citizens, including senior citizens, those with disabilities, and children, will lose access to basic health care. Emerging out-of-pocket costs, increased co-payments and cost-sharing, and high premiums will only do further damage to the country’s

poorest populations. And turning towards privatized insurance will not be an option for these individuals who will certainly be unable to afford it.

Inevitably, states will either scale back on other public programs and/or cap enrollment for Medicaid and produce stricter eligibility criteria that will only eliminate possible coverage for even more people. Hospitals will also lose out on the funds stemming from millions of beneficiaries

who will no longer qualify or be able to financially keep up with the rising costs of the program.³

The result of all this will likely be that tens of millions of Americans will lose coverage and access to basic health care, as state governments struggle to cope with the loss of federal support for maintaining Medicaid’s essential services.