



CAPPING MEDICAID SPENDING

Please reach out to your Senators and Representatives and let them know that while Medicaid needs reform, transforming the program into a block grant or capping the program's funds would jeopardize access to needed services for millions of vulnerable Americans.

Background

Medicaid – the joint federal/state program that pays for medical assistance and long-term care for low-income and elderly Americans – **is the principal source of health and long-term services for more than 50 million children, adults with disabilities, and Older Americans.** This program extends the opportunity encompassed in the American dream to millions for whom disability and illness would otherwise present an insurmountable barrier. Under several prominent congressional proposals in both chambers, Medicaid would be restructured by capping funds flowing to states and/or creating a block grant formula. Block granting or capping Medicaid funds would result in the denial of health and long-term care to millions of vulnerable Americans.

Consequences to States

- Under a block grant or funding cap, Medicaid would no longer be an entitlement. Costs and liabilities would shift to the states and previously covered populations would be turned away from vital services. Non-profit providers of care would be unable to bridge the large gaps in coverage created by the block grant.
- Cuts in Medicaid funding will result in massive job losses to healthcare and social service workers. These members of the workforce will no longer be taxpayers nor will they continue to be covered under employers' health insurance policies. This would deepen the unemployment crisis still hampering the fragile economic recovery. As jobs are lost, former employees will reach out for governmental support for unemployment compensation, food stamps, Medicaid and other safety net services costing local, state, and federal governments' additional funds.
- A block grant or funding cap would result in an unfavorable reimbursement formula for states where inflationary adjustments for their Medicaid programs would be far below the national level of healthcare inflation.

Consequences to Medicaid Recipients & Their Families

- Under a block grant or cap proposal, states would have no choice but to sharply restrict enrollment, eligibility and benefits for populations they currently serve. Many populations who currently qualify for Medicaid could end up uninsured, including populations that states

are currently required to cover such as poor children, pregnant women, and those with disabilities who are in the workforce.

- A sharp decrease in Medicaid spending would also result in cuts to home and community-based long-term care. The loss of services could make individuals more dependent on the unpaid support of family caregivers or it could lead to unnecessary institutionalizations with care paid by Medicaid.

Effective Ways to Reform Medicaid & Realize Cost Savings

- **Curb Regulatory Restrictions on Medicaid Flexibility:** Balance institutional care so that funding for home and community-based services can be accessed without a waiver. Though skilled nursing facilities will remain vital as providers of care given the cognitive and physical disabilities of certain older adults, care within the community should be maximized to the greatest extent possible, something that is both cost-effective and assures enhanced quality of life.
- **Promote Telemedicine and Greater Efficiency in the Provision of Care:** Though requiring an initial investment in technology, long-term savings will be realized as patients are matched up more efficiently with providers, particularly in the use of specialists, in rural, suburban, and urban areas.
- **Root out Waste, Fraud and Abuse:** Analyze every service provided by Medicaid. Strengthen penalties against unethical providers who have taken advantage of state Medicaid programs.
- **Bring stakeholders to the table to work out cuts:** For instance, at the beginning of 2011 Governor Andrew Cuomo assembled a Medicaid Redesign Taskforce for the State of New York that included state officials, consumers, and providers. Charged with putting together a consensus list of cuts that totaled approximately \$2 billion, the collaborative looked at existing programs in the state that consumed a disproportionate share of Medicaid dollars and agreed to targeted cuts. The federal Medicaid law could require the convening of these stakeholder task forces.

For further information, please contact Jonathan Westin, Health Policy Director at (202) 736-5860 or jonathan.westin@jewishfederations.org

The Jewish Federations of North America represents 157 Jewish Federations and 400 Network communities, which raise and distribute more than \$3 billion annually for social welfare, social services and educational needs. The Federation movement, collectively among the top 10 charities on the continent, protects and enhances the well-being of Jews worldwide through the values of tikkun olam (repairing the world), tzedakah (charity and social justice) and Torah (Jewish learning).