



PROTECTING MEDICAID

Please reach out to your senators and representatives and tell them that transforming Medicaid into a block grant or capping the program's federal share of funding would jeopardize access to needed services for millions of vulnerable Americans.

Background

Medicaid is the joint federal/state program that pays for **health care and long-term care services for 77.6 million people, such as children and their families, seniors, and people with disabilities.** Medicaid extends the American dream to millions of vulnerable people for whom illness and disability would otherwise present insurmountable barriers.

Recent, prominent plans to reform Medicaid have proposed fundamentally restructuring the program by limiting the federal funding share to a fixed federal payment in the form of a block grant or a “per capita cap.” Under a block grant, the federal payment would be set regardless of the number of Medicaid enrollees. Under a “per capita cap,” the federal government would give states a predetermined payment per person enrolled in Medicaid. As proposed, capping the federal government’s share of Medicaid funding under either scenario would cut federal Medicaid funding by about \$1 trillion over ten years – up to 33 percent -- while shifting costs and risks to states, providers, and beneficiaries. Ultimately, this would result in the denial of health and long-term care to millions of vulnerable Americans.

Consequences to States and State Economies

- Under a block grant or per capita cap, Medicaid would no longer be an entitlement; either plan would eliminate the current guarantee of coverage for all who are eligible and the federal guarantee to states for matching funds. Costs and liabilities would shift to the states, which would force states either to make up the difference with their own funds or more likely cut their programs.
- A block grant or per capita cap would result in an unfavorable reimbursement formula for states because inflationary adjustments for Medicaid would be far below the national level of healthcare inflation.
- The impact of the reduced federal funding for Medicaid would be even greater when either enrollment or per beneficiary health care costs rise faster than expected. For example, during economic downturns, Medicaid enrollment rises as people lose their jobs and access to employer-sponsored health insurance, but under a block grant the federal share of funding would not increase. Even a per capita cap, which does adjust for enrollment increases, would not fluctuate with unexpected increases in health care costs, such as additional expenditures resulting from an epidemic or a new and difficult to treat illness, like Zika.

- Major cuts in federal Medicaid funding due to a block grant or per capita cap will result in significant job losses among health care and social service workers. Medicaid currently plays a critical role in supporting the nation's health care sector, and helps to strengthen state and local economies. Health care providers, such as hospitals, physicians, nursing homes, and home care service providers, not only care for the people in their communities, but also are employers, taxpayers and consumers themselves. Job losses in the health care industry due to cuts in Medicaid will mean that these members of the workforce will no longer be taxpayers, nor will they continue to be covered under their employers' health insurance plans. As jobs are lost, former employees will reach out for governmental support, including for Medicaid and other safety net services, thus increasing the strain on these important public programs.

Consequences to Medicaid Recipients & Their Families

- Under a block grant or per capita cap, previously covered populations would be turned away from vital services, fewer services would be covered, and payment rates to providers -- including nursing homes and community-based long-term care -- would be reduced by nearly one-third. Non-profit providers of care would be unable to bridge the large gaps in coverage and the reimbursement cuts. Many individuals who now qualify for Medicaid would end up uninsured, including people that states currently are required to cover, such as poor children, pregnant women, and those with disabilities who are in the workforce.
- Many services that Medicaid currently pays for could be cut as well. For example, a sharp decrease in federal Medicaid spending likely would lead to cuts in home and community-based services and long-term care, undermining years of progress in caring for high-need individuals in less expensive and less restrictive settings. The loss of these services would make individuals more dependent on the unpaid support of already strained family caregivers, and would lead to increases in unnecessary and more expensive institutionalizations, with care still being paid by Medicaid.

For further information, please contact:

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The Jewish Federations of North America represents 148 Jewish Federations and 300 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).



The Jewish Federations
OF NORTH AMERICA

RECOMMENDED WAYS TO REFORM MEDICAID & REALIZE COST SAVINGS

- **Rebalancing:** Although skilled nursing facilities will remain vital providers of care given the cognitive and physical disabilities of certain older adults, rebalancing Medicaid reimbursement for institutional care so that funding for home and community-based services can be accessed without a waiver is both cost-effective and assures enhanced quality of life.
- **Promoting Telemedicine:** Although expanding the use of telemedicine and health information technology through long-term care and behavioral health delivery systems will require an initial investment in technology, it offers the promise of greater efficiency, better and coordinated care, and significant cost savings.
- **Increasing Care Coordination Initiatives:** Greater emphasis on improving care coordination for Medicaid patients with chronic diseases, particularly dual-eligibles who are beneficiaries of both the Medicaid and the Medicare programs, has the potential to improve the quality of care and care delivery while simultaneously producing significant savings.
- **Promoting Prevention:** Implementing preventive measures, such as chronic disease management, health education, and other services targeting high-risk groups, also may be able to lower Medicaid costs in the long term. Wellness programs, such as diabetic education, prenatal care, depression screening, and nutritional counseling, will improve the health of patients and save scarce funds.
- **Expanding the Hospice Benefit:** Expanding hospice education and care in Medicaid, a strategy which has already realized cost savings in Medicare, can reduce unnecessary treatment costs while enhancing the quality of life for patients and their families.
- **Rooting out Waste, Fraud & Abuse:** Strengthening efforts to identify and penalize waste, fraud and abuse within the Medicaid program by analyzing the services being provided and increasing penalties against unethical providers who take advantage of state Medicaid programs also can realize cost savings.

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