

President Bush's FY2006 Budget: Unraveling the Health Safety Net

The President's Fiscal Year 2006 budget contains health care proposals which would hurt the most vulnerable among us, disenfranchising millions from current coverage and leaving millions worse off than they are today. Rather than investing in America's future, this budget passes problems off to the states, leaving them to make the tough choices of taking away health care from millions of Americans or raising taxes. America's families are already hurting; more than two million Americans experience medical bankruptcy each year. The health care proposals in the budget will only drive millions more to bankruptcy as more health care costs are shifted to vulnerable families and the elderly.

Medicaid Cuts to Fund Tax Credits: Giving the Least to Those Who Need the Most

Medicaid cost growth is approximately half that of private insurance, yet the President proposes cutting the program by \$60 billion. This reduction only serves to make the challenges Medicaid faces in serving more than 50 million vulnerable and elderly Americans worse.

At the same time the budget proposal cuts Medicaid, it spends \$45 billion on new tax credits for individuals to purchase coverage in the private market where there are no guarantees that coverage will be available, affordable, or provide the health care needed. In Medicaid, any eligible individual is guaranteed access to insurance and appropriate benefit coverage. There is no similar guarantee in the private market for benefits needed by individuals with disabilities or the elderly in nursing homes. And because the tax credit is capped, there is no guarantee that the credit amount will be sufficient to enable the neediest families to even afford a policy. Families who cannot afford the coverage offered by their employer will not even be eligible for the tax credit.

The President's budget proposal will make millions of Americans worse off. Many vulnerable children will lose insurance through Medicaid as a result of these funding cuts and those who might qualify for a tax credit are not guaranteed it will be enough to purchase needed coverage.

Individuals Living with Disabilities--Living with Less Under the President's Budget

While the President's budget proposes two five-year demonstrations for transitioning individuals with disabilities out of institutions and into the community, the budget cuts to Medicaid will negate this goal. The budget also cuts funding for targeted case management -- a service which helps individuals with disabilities and multiple chronic conditions manage their care. Finally, these proposed "reforms" could leave those with disabilities without the benefits they need by allowing states to provide an inadequate benefits package, rather than the traditional Medicaid benefits that provide long-term care benefits many individuals with disabilities require.

Community Health Centers--Giving with One Hand While Taking Away with the Other

The President's budget proposes \$26 million to fund new community health centers. Medicaid accounts, however, for more than 35 percent of all funding received by Community Health Centers and the \$60 billion cut to Medicaid would shift more uncompensated care to these facilities, squeezing reimbursements and making it more difficult to provide care to vulnerable children and families.

Cover the Kids Initiative--Good Intentions but Too Little Funding

The President's budget allocates \$500 million a year in both FY2006 and FY2007 for the "Cover the Kids" initiative, an outreach campaign to find and enroll low-income children in the Children's Health Insurance Program (CHIP). States are already tightening their belts and do not have the resources to devote to new coverage at this time; the President's outreach proposal would be an empty promise because the states could not keep it without cutting other services or raising taxes. More than half of the states have already taken measures to make it more difficult for families to enroll in health programs in the past year and a half. Many states will either institute waiting lists or caps, freezing out children that are found through this initiative. In addition, the \$60 billion cut to Medicaid will mean states will have even less money to "Cover the Kids" found through this initiative. In many states, more than half of the children found through CHIP outreach were Medicaid-eligible. Yet, the President is cutting funding for the program that is most likely to absorb the cost of new enrollment from this outreach effort.

Vulnerable Elderly Left With Less

The President's budget caps funding needed for states to help 6.4 million vulnerable elderly transition to Medicare drug coverage by block granting state administrative funding. This cap on state administrative funding for Medicaid would also hurt states' ability to protect elderly from abuse or neglect in nursing homes. And other Medicaid cuts would further squeeze state budgets, making it more difficult for states to maintain payment rates for nursing homes and other providers. In addition, the budget only provides one additional year of funding for assistance with Medicare premiums for elderly with incomes between \$957 and \$1076 a month. The budget also fails to provide any funding to address Medicare cuts to physician payments, which will jeopardize access to physician care for millions of elderly Americans.