

MEDICAID DAMAGE REPORT: THE PRESIDENT'S BUDGET



"Millions of Americans are already losing Medicaid coverage, as the Bush Administration has done nothing to help. States will need more financial assistance, not flexibility, to help families, the disabled, and the elderly. The new proposal appears to be a retread of the discredited Republican block grant efforts."
- John D. Dingell, Ranking Member

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Proposals in the President's Medicaid Budget

Description of Program:

Medicaid is the primary source of health and long-term care assistance for one in seven Americans, accounting for 16% of our Nation's spending on health care. The Congressional Budget Office estimates that the Federal Government will spend \$129.8 billion on Medicaid in FY 2001 and \$295.4 billion in FY 2011, an average annual growth rate of 8.6%. Today, Medicaid covers approximately 44 million Americans and is expected to cover nearly 47 million this coming year. In 1998, about 4 million were elderly, nearly 7 million were blind or disabled, about 21 million were children, and 8.6 million were adults in families with children. The Medicaid program insures more lives than Medicare or any other health insurer in the United States.

First enacted in 1965, Medicaid must serve low-income people whose health and long-term care needs are extremely complex and fall outside of the private insurance market. It has evolved from a program providing medical assistance to the welfare population to a broad and multifaceted safety net addressing the needs of low-income families, the elderly, and those with chronic, disabling conditions.

The families and individuals that Medicaid covers present unique challenges. These beneficiaries are often in worse health than the rest of the population. For example, 67% of the disabled individuals on Medicaid are limited in their major life activity because of their disability. Low-income elderly who depend on Medicaid for coverage are also in poorer health; 40% of the poor or near-poor (under 200% of poverty) elderly are in fair or poor health compared to only 20% of those over 200% of poverty.

Current Status:

States are caught in the crossfire of a decline in revenues and an increase in health care need. They are facing unprecedented budget deficits coupled with unanticipated increases in Medicaid enrollment as a result of the recent economic downturn. This situation is jeopardizing the Medicaid coverage for millions of Americans. Forty-three states had a shortfall in their FY 2003 budget; 27 of those states have seen their shortfall grow since June. This year, 49 states have plans or have acted to reduce Medicaid spending growth and there is concern about what 2004 will bring.

A key component of the existing Medicaid budget dilemma states are facing is increasing enrollment. Enrollment grew at 8.6% in 2002 and is expected to grow at 7.7% in 2003. In addition, prescription drug costs have continued to rise at record rates. Medicaid expenditures for prescription drugs rose over 16% annually between 1990 and 2000. In 1998, Medicaid spent \$14.5 billion for prescription drugs representing 8.2% of total Medicaid costs, the elderly and disabled accounting for 80% of that spending. Long-term care costs are rising rapidly and will continue to rise as the baby boom generation ages.

One-time revenue measures like tobacco settlement funds or rainy day funds in many states are no longer available. States are responding by freezing provider rates, curtailing prescription drug spending (i.e., prior authorization, mandatory generic use, increased cost-sharing, supplemental rebates), limiting benefits (e.g., \$600 annual dental limit per person); and cutting eligibility.

Proposals in the President's Budget:

The President's budget includes a proposal that would fundamentally alter the nature of Medicaid and Children's Health Insurance Program (CHIP). The Administration proposes an optional ten-year block grant, allowing states to accept two-thirds of their Medicaid spending, CHIP, and disproportionate share hospital funding in two lump-sum allotments, one for acute care and one for long-term care. (The remainder, which covers the so-called "mandatory" services for "mandatory" populations, would still be calculated as it is currently done.) The size of each state's allotment would be determined by FY 2002 expenditure levels and would be increased annually by an unspecified amount. States would be expected to contribute maintenance of effort funds, inflated annually at a lower trend rate than the federal allotment rate, allowing their maintenance of effort to decline over time.

States choosing this new option would receive an additional \$3.25 billion in 2004, and \$12.7 billion over seven years, although the program will be budget neutral over the entire ten year budget window. The Administration does not yet know how it would allocate this money among states. States in the new block grant would be given additional "flexibility" in managing their programs, particularly with respect to certain benefits such as: prescription drugs for children older than age six whose family income is more than \$15,880 a year; drugs for pregnant women and certain populations like the elderly whose Supplemental Security Income (SSI) is above \$546 a month; children over age six with family incomes above \$995 a month; and individuals with disabilities whose SSI is above \$546 a month. If a state's block grant money runs out, however, the state and the Federal Government would only be required to cover the "mandatory" populations, leaving other similarly indigent families without coverage. In the event that a state wanted to expand rather than cut coverage, it would do so at its own financial peril.

The Administration cites CHIP as an example of the benefit of state flexibility to support their proposal, yet omits key facts regarding the enactment of that program. Unlike the Administration's proposal, the CHIP program prohibited states from cutting back the eligibility of their Medicaid programs for children if they wanted access to this new money for coverage of additional children. Additionally, the CHIP program provided \$40 billion dollars over ten years, whereas the Administration's proposal ultimately has no new funding for purported expansions and is budget neutral over the ten-year period. The President's proposal would allow states to do what CHIP prohibited them from doing; in the Bush Administration's proposal there are no guarantees for some currently eligible Medicaid recipients such as many of the elderly in nursing homes – in fact, quite the opposite.

Response to the Administration Budget Medicaid Proposal

The Bush Administration's Fiscal Year 2004 budget provides states with a lose-lose predicament. They can "choose" to continue to suffer from rapid Medicaid cost increases, caused primarily by forces out of their control – recessions, prescription drug costs, the growing elderly population – without any additional federal assistance. Or they can "choose" to impose a fiscal straight jacket upon themselves through a block grant in return for a temporary and totally inadequate increase in federal payments.

The President's budget would significantly limit a state's ability to provide care to the elderly in nursing homes, pregnant women, children and people with disabilities. Since a good deal of what Medicaid provides is not an "insurable" product -- i.e., long term care, case management, transportation services, services for seriously and persistently mentally ill individuals, services for severely physically disabled and cognitively impaired – even if these families could afford it, private insurance is not an option for them. Private plans often do not provide these essential services, which in effect would leave seniors, the disabled, and children without the care and services they depend on to live.

Like the Administration's plan to force seniors into private insurance plans as the only way to get a prescription drug benefit, the Administration puts states in a catch-22, only offering limited fiscal relief if the state agrees to mortgage its future on a block grant. It effectively ignores the worst state budget crisis in decades and will result in reduced coverage, decreases in reimbursement and quality care, and add new strains on an already weak economy. The inadequate funding the Bush Administration offers on a "strings-attached" basis will inevitably force states to increase taxes and/or cut benefits. Beyond substantially harming the people served by Medicaid, the proposal would hurt health care providers, causing some to no longer see Medicaid and Children's Health Insurance Program (CHIP) enrollees. It would also hurt local community economies, which in many places rely on health care funding for jobs, decent wages, and economic development.

The President's plan would end the open-ended federal commitment to provide health care for millions of Americans insured by Medicaid and CHIP. It provides \$3.25 billion in additional funding in 2004 to states that accept a block grant of the vast majority of Medicaid and CHIP funding. The block grants would have two parts: one for acute care and one for long-term care. The size of each state's block grant would be based on its historical (2002) spending increased annually by an unspecified amount plus some share of \$3.25 billion allocated for 2004. The Administration has not revealed the formula it would use to decide which states get how much of this funding. States would be required to contribute state dollars to this new program in the form of a maintenance of effort, which will be inflated annually at a lower trend rate than the federal allotment rate. This results in the total Medicaid pot shrinking faster due to a major withdrawal of federal funding from Medicaid and CHIP. Because federal funding is capped, states would be responsible for the short fall.

Even the promise of additional funding in return for the block grant is largely illusory. This is because the proposals included in the Bush Administration's budget would actually reduce federal support for the states, even if one nets out the modest front loaded assistance from the proposed block grant. Beyond the fact that the up-front payments associated with the block grant are taken back in the out years and net out as no new dollars to the states, the President's budget actually reduces state support by billions of dollars through reductions in state discretionary grants and lost revenues associated with his tax cut proposals.

In FY 2004 alone, the President's proposals that cut discretionary state grants (by \$3.6 billion) and reduce revenue (by at least \$4 billion) would more than exceed the \$3.25 billion the Administration is offering ONLY to those states that are willing to mortgage their financing future through a block grant.

There is another way. Strong, bipartisan support exists for an immediate infusion over two years of \$10 to \$20 billion of fiscal relief to states to prevent the need to cut coverage in Medicaid and CHIP. Democrats continue to advocate for a meaningful investment in a prescription drug benefit for Medicare, which will alleviate states of the need to fill this large benefit gap. Furthermore, Medicaid, by law and necessity, covers other Medicare benefit shortcomings – particularly with regard to long-term care. True Medicaid relief will reexamine the split of responsibilities and financing between these two important programs as well as federal and state governments.

Finally, legitimate enhancements to states' flexibility to manage Medicaid should be addressed in a bipartisan way, as was done successfully in 1997. This can and should be done outside of the context of block-granting Medicaid funding. Members of both Houses and both parties are ready and willing to engage in this discussion, but it need not – and should not – be in the context of an under-funded block grant that neither helps Medicaid, the states, or the vulnerable populations they serve.

Inherent Flaws in the President's Medicaid Reform Proposal

No Fiscal Relief For States: As the President's budget documents show, states' federal funding is cut by \$3.6 billion in the Bush budget through discretionary programs, even counting the new \$3.25 billion block grant. Reductions in funding from other federal grant programs will leave states in even worse financial situations than they face today. Moreover, states could only access the limited funding available if they accept a block grant and destroy the guarantee of coverage and federal funding for low-income families, the elderly and people with disabilities. It is not clear how much of the \$3.25 billion participating states would get. Even this funding may be insufficient if costs in the near term are unexpectedly high. It is insufficient in the medium- and long-term since the Bush plan would cut back on the block-grant funding to recapture the increased funding in the early years of the proposal.

Shifts Financial Risk for Baby Boomers' Long-Term Care to States: Ultimately, the block grant will impose a huge burden on states and families since, while federal funding is capped, the cost of care and number of people needing that care will rise. The long-term care portion of the block grant would likely be severely underfunded as the proportion of people needing long-term care increases. The Federal Government can limit its liability for financing nursing home care but it cannot eliminate the need for such care. The number of seniors needing such care will increase in the coming years as the baby boomers age. Under the President's proposal, either states will be left to finance this entirely on their own, or more American families will be forced to find other ways to provide care for their elders.

Worsens Local Economies During Economic Slowdowns: Medicaid is the only health insurance program in the Nation that preserves coverage – and jobs – during recessions. The allocations under the block grant, however, are not based on the actual number of people enrolled or the actual cost of serving people. If costs unexpectedly increased due to recession-related enrollment, states would have to either increase their own spending or implement waiting lists, reduce the number of people covered, reduce provider reimbursement rates, and/or reduce benefits/increase cost-sharing. This would have a severe impact on local economies. One study found that for every \$10 million reduction in Medicaid spending another \$34 million was lost from the local economy, along with jobs. Thus, rather than the Federal Government increasing its contribution to help during downturns, the federal funding would be capped, making states dig even deeper than they are digging today to make ends meet.

Increases the Uninsured: States accepting the block grant are accepting cuts in federal funding in future years. It is unlikely that states will compensate for the loss of billions of federal dollars through increased cost sharing for seniors, people with disabilities, pregnant women and children, whose income is typically less than \$400 a month. Medicaid provider payment rates are already low. This suggests that the only option states will face is reducing coverage. Very few people enrolled in Medicaid and CHIP today have access to private health insurance and those who do often cannot afford it. These people most likely would join the ranks of the uninsured. Equally important, states that accept the block grant would not receive federal funding for expanding coverage.

Eliminates Guarantee of Safety Net Coverage: Medicaid is a commitment to provide basic health insurance to those in great need. In addition to the core group of people eligible for coverage nationwide, states have the flexibility to extend coverage to specific groups of people (e.g., uninsured women with breast cancer) and to people with income that exceeds current eligibility limits. Because states would now be free to cap enrollment, eligibility and benefits would no longer be guaranteed to those people. Medicaid could be converted from a health insurance program to a check-issuing agency. The state could choose to offer vouchers for people to purchase coverage in the individual market rather than guarantee families receive needed benefits. If, for example, a family with a ventilator-dependent child could not purchase coverage in the individual market, the state would no longer be responsible for ensuring the child receive needed care.

Eliminates Protections that Ensure Fairness Among Populations: Medicaid currently has rules that ensure people throughout the state are treated equally, no matter where they live or how sick they are. Under President Bush's proposal, however, a Governor could choose to provide benefits only in cities, not rural areas, or provide benefits only to politically powerful groups, or could re-grant the funds to for-profit and not-for-profit organizations to manage. States would no longer be required to use their DSH funds to assist safety-net hospitals. States can today limit eligibility rules for many groups and services, but they cannot do so arbitrarily or for a particular group of people. Under the Bush plan, which eliminates the guarantee of coverage, a family whose income earners get laid off and would otherwise qualify for Medicaid could be denied coverage while a higher-income family that enrolled in the previous year could receive assistance. A person in a nursing home could be denied Medicaid because he borrowed as much money as he could from relatives but then found himself on a waiting list because all of the "slots" for the year were taken.

Harms All Populations Covered by Medicaid: The block grant applies to all those who depend on Medicaid, though there are some who will be more affected than others. Those who would be especially harmed include more than half (56%) of the elderly people covered under Medicaid whose income is above \$6,500 a year and most of those who spend down to Medicaid because they need nursing home services; 22% of people with disabilities covered under Medicaid whose incomes are above \$6,500 a year; one out of five children covered by Medicaid; 43% of parents, whose income is below \$11,940 a year for a family of two; pregnant women with incomes above \$15,876 a year; working people with disabilities; and women with breast or cervical cancer.

The proposal eliminates protections regarding how much and how long people can receive benefits and the protections against excessive out-of-pocket payments for these benefits. States, therefore, would no longer be bound by the requirement that out-of-pocket costs be "nominal" or that services be sufficient to reasonably achieve their purpose. Rules regarding affordability of coverage would be eliminated along with patient protections relating to managed care, appeals rights for erroneous eligibility decisions, protections for quality of care for elderly and people with disabilities in nursing homes, and protections against taking all of a spouse's income when their wife or husband is in a nursing home (spousal impoverishment).

Undermines Financial Integrity Protections: Medicaid funds could be used to refinance services currently financed through state and local funds, leading to a substantial reduction in services/coverage for providers and patients who now depend on Medicaid. States could return to “donations and taxes” schemes to effectively eliminate the need to put forward any state dollars, completely withdrawing state commitment to Medicaid and CHIP. Additionally, it is unclear whether the state-match requirement remains or whether the state could count other health spending toward their maintenance of effort.

The proposal appears to run directly counter to at least two of the President’s principles for reform. The Administration claims it wants to “minimize state incentives to refinance State-funded programs with Medicaid and CHIP dollars” and “increase state accountability by ensuring that Medicaid and CHIP dollars are being used to address the health care needs of low-income, uninsured Americans.” By eliminating Medicaid standards, these existing protections will be lost.

The President's Medicaid Block Grant Proposal: 47 Million Americans At Risk

Americans at Risk -- Today, Tomorrow, and Future Generations:

Americans who today count on Medicaid for their health insurance are at risk under the Bush proposal. The Bush proposal breaks the Federal Government's contract with America's seniors, people with disabilities, and families by largely turning this program into a block grant with no protections. Today, any person who is enrolled is guaranteed coverage under Medicaid and states are guaranteed assistance with the cost of that care. The Bush proposal would cap most federal funding available to states, shift more burden to states, the poor, and the sick, and eliminate the incentives for states to continue expanding coverage.

Americans Lose Today:

By failing to provide immediate fiscal relief to states to maintain Medicaid, millions of Americans will lose coverage as states are forced to cut coverage to respond to state budget shortfalls. And millions more will lose essential benefits or will find coverage unavailable as states create waiting lists for coverage.

Americans Lose Tomorrow:

Those who may need Medicaid coverage in the future, including American families who lose health insurance as a result of temporary unemployment, American families who have a disabled child, or workers who become disabled on the job, will find that coverage no longer available. States will be forced to cut their programs under the strain of the Bush Administration block grant. Additionally, because federal funding will be capped, states who experience increases in the number of uninsured due to a recession will not be able to count on federal support to provide coverage for these families. States will have to turn these families away. As the caps under the block grant get tighter, and funding is reduced in the later years, states will have to choose which populations they wish to serve. The Bush proposal pits seniors and people with disabilities against children for limited health care funding under the block grant.

Americans Lose in Future Generations:

American families with aging parents will find that Medicaid will no longer assist with the cost of nursing home care, shifting that burden on to them – eating up savings set aside for their children's college education or their own retirement. Medicaid's success is not only in providing nursing home coverage to millions of seniors, but also in preventing beneficiaries' children from having to impoverish themselves to pay for their parents nursing home care. Families who today have some degree of financial security as a result of Medicaid – families with severely disabled children, or families with elders in nursing homes – will find this financial security safety net removed as a result of the Bush Administration proposal.

Children At Risk:

Future generations of children will also lose out under the Bush proposal. As of October of 2002, all children in families with incomes up to \$11,940 a year are guaranteed coverage for needed health care under Medicaid. The Bush proposal, by capping the federal funding commitment, shifts much of the burden of coverage to the states alone. Protections and coverage for children in families whose incomes exceed \$995 a month would also be eliminated. Protections to ensure access to critical benefits for even lower-income children, such as managed care patient protections, also would be jeopardized. Funding in the CHIP will no longer have to be used on children; states could use it on anything they wish, from subsidizing small business coverage to providing vouchers for Medical Savings Accounts. The progress that states and the Federal Government have made in insuring low-income children over the past few years through these programs will be erased under President Bush's budget.

Seniors At Risk:

The millions of seniors who are impoverished and depend on Medicaid for their care will be left out in the cold. Without federal assistance, states will not be able to meet the challenge of caring for the burgeoning number of elderly who need nursing home care. There are currently six million elderly citizens who depend on Medicaid for assistance, but their number will grow significantly as the baby boomers age. But the President proposes to drastically limit federal funding, leaving seniors and their families with nowhere to turn.

President Bush also proposes eliminating the rules that protect the spouse whose husband or wife enters a nursing home. Under the Bush proposal, millions of elderly spouses, living solely on their social security check, could have this meager income taken from them or be forced to sell their homes in order to pay for their wife's or husband's care, leaving them destitute and homeless.

The caps in President Bush's plan will also affect low-income seniors' ability to receive assistance with Medicare cost-sharing and prescription drugs. As part of the acute care block of money, seniors' coverage for prescription drugs will be competing with basic health care for poor children and pregnant women. States will have to choose who to help.

People with Disabilities At Risk:

Individuals with disabilities represent 17 % of all Medicaid beneficiaries, but account for 44% of program spending because of their significant health care needs. Individuals with disabilities with long-term care needs, whether in a home and community-based setting or in a facility, will be forced to compete against seniors for limited dollars. Many of the benefits critical to individuals with disabilities, such as drugs, home health care, case management, respiratory care for those on ventilators, or hospice care, are optional and would be eliminated under the Bush plan as the caps on federal funding shift more of the cost of care on to states. States are currently asking for increased federal assistance to help care for people with disabilities and help them become self-sufficient and return to the workforce. Instead, the Bush plan withdraws federal assistance.

State Fiscal Relief – An Issue of Importance to Children and Minorities

States are in the midst of a fiscal crisis that is getting worse. In order to balance their budgets, states are making drastic cuts in various programs, especially Medicaid. There are already 49 states that have planned or implemented Medicaid cuts for 2003, and 32 states have already cut Medicaid twice. The President's budget does not help the people who are being cut off the rolls or having their benefits reduced.

Who exactly is hurt by the President's failure to provide states with meaningful fiscal relief for Medicaid?

- **One in five children under age 18** in the U.S. (19.4%).¹
- **One in four children under age 6** in the U.S. (24.3%).²
- More than **one in three African American children** in the U.S. (34.6%).³
- Over **one in three Native American or Native Alaskan** children in the U.S. (33.9%).⁴
- Almost **one in three Hispanic children** in the U.S. (31.9%).⁵
- More than **one in three newborns** in the U.S., whose births are financed by Medicaid.⁶
- Almost **two-thirds of all infants born in Louisiana** (63%).⁷
- Over **half of all infants born in New Mexico and West Virginia** (56% and 51%).⁸
- More than **two out of five infants born in Texas, Arizona, and Florida**. (43.8%, 43.4%, and 43.0%).⁹
- Over **one-fourth of all children under age 18 in Mississippi and Tennessee** (26% and 27%).¹⁰
- Almost **one-half of all children in fair or poor health** (47.6%), who are covered by Medicaid.¹¹
- Over **one in three non-elderly Hispanics in Delaware** (36%).¹²
- Almost **one-third of non-elderly African Americans in Michigan, Missouri, Pennsylvania, and Wisconsin** (31%, 31%, 30%, and 30%).¹³
- Over **one-fourth of non-elderly Hispanics in Pennsylvania** (29%).¹⁴

- Almost **one-third of all Hispanics age 65 and over** (29.6%).¹⁵
- Over **one-fifth of all Asian Americans age 65 and over** (21.3%).¹⁶

1 *Health, United States, 2002*. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, 2002.

2 *Ibid.*

3 *Health Insurance Coverage in America: 2000 Data Update*. The Kaiser Commission on Medicaid and the Uninsured, 2002.

4 *Ibid.*

5 *Ibid.*

6 *The Medicaid Resource Book*. The Kaiser Commission on Medicaid and the Uninsured, 2002.

7 *State Health Facts Online*. The Kaiser Family Foundation. <<http://statehealthfacts.kff.org>>

8 *Ibid.*

9 *Ibid.*

10 *Ibid.*

11 *Health Insurance Coverage in America: 2000 Data Update*.

12 *State Health Facts Online*. The Kaiser Family Foundation. <<http://statehealthfacts.kff.org>>

13 *Ibid.*

14 *Ibid.*

15 *Health, United States, 2002*. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, 2002.

16 *Ibid.*

The Faces of Those Affected by the Bush Medicaid Block Grant

Many believe that Medicaid is just for people on welfare, but in reality, quite the opposite is true. The faces of Medicaid are faces we see every day, hard working Americans who have no other alternative available to them. The following are five examples of people who could have their health coverage affected by the Bush proposal.

- , A 40-year-old waitress working for wages and tips and earning about \$19,000 per year who feels a lump and, upon going to a women's health clinic for an exam, is told she has breast cancer. Medicaid allows states to cover low-income women with breast or cervical cancer. But this coverage is at risk, as are many of the benefits this woman would require, like prescription drugs. Handcuffed by the Bush block grant, states could be forced to reduce or eliminate coverage for such women.

- , A 27-year-old construction worker left with permanent paralysis following a hit-and-run accident, hired by B&N supermarket to work at the customer service desk. His weekly wages are approximately \$400, enough to disqualify him from Supplemental Security Income payments. The B&N health plan is quite limited and offers no long-term care coverage for personal attendants, ongoing therapy, etc., since coverage is limited to acute "recovery" services following an illness or injury (e.g., hospital stay, 30 nursing home days, 25 physical therapy visits). Medicaid provides the ongoing therapy services as well as attendant services that allow this man to work and prevent his health condition from deteriorating. Under the fiscal straitjacket of the Bush block grant, however, states could be forced to eliminate such coverage.

- , An 85-year-old man with Alzheimer's, gout, and other assorted ailments living with his wife in a modest home on \$30,000 in combined retirement income. She is trying to keep him at home and needs the special type of home and community services available only through a waiver program (e.g., personal attendant, home modifications, respite services, etc.). Under the Bush proposal, this woman would be forced to put her husband in a nursing home. And, because the protections against spousal impoverishment would be eliminated, she could lose her retirement income and her house, leaving her destitute and homeless.

- , Parents of a child with severe birth-related disabilities who earn about \$60,000 per year, have two other children and whose insurance coverage limits have been exhausted. They desperately want to keep the child at home rather than having to place him in an institution. States currently have the option to cover such children, but the Bush block grant could leave states with no choice but to cut coverage for such children.

What Are People Saying About the Bush Block Grant Proposal

“The Medicaid and CHIP proposal threatens to unravel a key part of the safety net that assures low-income children have a healthy start in life.” – *Children’s Defense Fund*

“Children are being used to solve a fiscal crisis they did not cause.” – *Children’s Defense Fund*

“But the Bush proposals don’t modernize Medicare, don’t give states anything more than a devil’s bargain on Medicaid, and don’t accomplish anything other than evading responsibility in Washington for the future of our health care system.” – *Democratic Leadership Council*

“Medicaid reform efforts should not result in reducing or eliminating the entitlement of our most vulnerable populations to coverage.” – *National Association of Public Hospitals*

“To the extent Medicaid reform permits states to limit essential services to enrollees, it will merely shift even more of the burden for providing those services to safety net providers.” – *National Association of Public Hospitals*

“The President’s proposed block grant is similar to the failed proposal in 1995 by then-Speaker Newt Gingrich. This block grant will force states to ration care by limiting the number of people enrolled in Medicaid, reducing the services covered, and increasing the amount of money low-income people must pay.” – *Families USA*

“The states’ financial difficulties should not be resolved by dismantling the rights and protections afforded people who rely on this critical safety-net program.” – *National Mental Health Association*

“Let us be clear: Medicaid coverage for some may be a state option, but this coverage is not optional for these low income individuals with disabilities, children, parents, pregnant women, and senior citizens whose very lives often depend on the medical services they receive through Medicaid.” – *National Mental Health Association*

“The Administration...weakens the guarantee of coverage for vulnerable populations and dismantles the Disproportionate Share Hospital Payment (DSH) program.” – *American Hospital Association*

“The proposal loosens federal oversight and state accountability. And it is the poor, elderly, and disabled that would be affected.” – *American Hospital Association*

“Medicaid is a safety net for low-income seniors and seniors with catastrophic health care costs. If prescription drug coverage and nursing home care are reduced, then we are leaving millions of seniors with no other alternative to receive acute or long-term health coverage.” – *Barbara B. Kennelly, president and CEO of the National Committee to Preserve Social Security and Medicare*

“The fundamental structure of the Medicaid program – as an entitlement for the low-income, elderly, and disabled in our country must be preserved and strengthened.” – *Catholic Health Association*

Further Reading

For those who are interested in further reading on the issue of Medicaid, program challenges, past history, or specific aspects of the program, below is a list of additional resources.

Medicaid Overview

1. *The Medicaid Resource Book*, Kaiser Commission on Medicaid and the Uninsured, July 2002.
2. "The Flexibility Factor: Finding the Right Balance," Cindy Mann in *Health Affairs* Jan/Feb 2003 Volume 22, Number.
3. "There's Something About Medicaid," Alan Weil in *Health Affairs* Jan/Feb 2003 Volume 22, Number 1.
4. "Medicaid: Lessons From A Decade," Diane Rowland and James R. Tallon, Jr. in *Health Affairs* Jan/Feb 2003 Volume 22, Number 1.
5. "Medicaid Mandatory and Optional Eligibility and Benefits," Kaiser Family Foundation, July 2001.

Medicaid Budget Outlook

1. "Medicaid Spending and Growth: A 50 State Update for Fiscal Year 2003," Kaiser Family Foundation, January 2003.
2. "The Bursting State Fiscal Bubble and State Medicaid Budgets," Donald J. Boyd in *Health Affairs* Jan/Feb 2003 Volume 22, Number 1.
3. "State Budget Deficits Loom Larger Than Previously Thought Signaling Deep Cuts in Health Insurance, Other Programs," Iris Lav, December 2002.
4. "Proposed State Medicaid Cuts Would Jeopardize Health Insurance Coverage for One Million People," Leighton Ku, Melanie Nathanson, Edwin Park, Laura Cox and Matt Broaddus, January 2003.
5. "Medicaid: Good Medicine For State Economies," Families USA, January 2003.