



Public Policy and Legal Advocacy

Medicaid Block Grant Information



How will Medicaid Block Grants Impact People with Intellectual and Developmental Disabilities and their Families?

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Introduction

The House Budget Resolution for FY 2013 calls for drastic cuts to Medicaid (\$810 billion over 10 years) that would fundamentally reshape the program—making it less reliable for the people who depend on it and shifting costs to consumers and to the states.

For millions of people living in poverty, Medicaid is a safety net. For many of the 7 million people with intellectual and developmental disabilities (I/DD), **Medicaid is a life line**. People with I/DD typically require more complex and costly services than Medicaid recipients without disabilities. Frequently, they need care from several different types of health care providers and they often need the services throughout their lifetimes.

What is a Medicaid “block grant?”

A Medicaid block grant would be a fixed amount of money from the federal government to the states to spend on health care for people who are poor, elderly, or have disabilities with only general rules and very little oversight about the way it is spent.

Based on previous federal block grants and the general statements that House Budget Committee Chairman Paul Ryan has made about the FY 2013 House Budget Resolution, we expect that a Medicaid block grant would:

- cap the amount the federal government spends on Medicaid.
- NOT increase this amount to keep up with health care inflation.
- radically cut the federal share of Medicaid.

Why do some Members of Congress want to block grant Medicaid?

All health care spending is growing. Experts claim that it will continue to grow and become an ever larger share of our federal budget. Most Members of Congress are looking for ways to get our fiscal house in order. Some Members of Congress are focusing on the growth of federal spending in the Medicaid program. They believe that block granting Medicaid will save federal dollars. Under a block grant, federal funding for Medicaid would not grow when more people need health services. The challenge of providing health care without any additional federal money to people who are poor, elderly or have disabilities would fall to the states.

What are the most critical Medicaid services for people with I/DD and how does Medicaid pay for them?

The most critical Medicaid services for people with I/DD are:

- **Acute care** - including hospital care, physician services, and laboratory and x-ray services. These acute care services are mandatory which means they must be provided to everyone who is eligible. States have the option to offer (and most do) prescription drugs, dental, physical therapy, speech therapy, prosthetic devices and other services.
 - **Long term services and supports** - including help getting dressed, taking medication, preparing meals, managing money, getting in and out of bed.
- Medicaid is a shared program between states and the federal government and each pays for part of it. The federal share of Medicaid ranges from 50% to 75% of costs. As the need for Medicaid grows in the states, the federal government spends more.

Is Medicaid an entitlement program?

Yes. This means that if a person meets the eligibility requirements (generally poverty, age and/or disability), he or she is entitled to the services available under the state Medicaid program.

What are people with disabilities currently entitled to in the Medicaid program?

Today, each state's Medicaid program is required by the federal government to provide a *minimum level of coverage* for the elderly, people with disabilities, and low-income adults and children in order to receive federal matching payments. Minimum services include seeing a doctor, getting x-rays, going to the hospital, receiving care in a nursing home and vaccines for children. Nursing home care is also an entitlement and Medicaid pays for almost half of the long-term care expenditures in this country. It is the *primary* payer of long-term services and supports for people with I/DD.

What might states do if Medicaid is block granted?

Block grants could force bad choices and cause substantial conflict as groups with diverse needs compete for scarce dollars. Since the services to people with disabilities and the elderly are significantly more costly than health care coverage for children, states could decide to serve fewer costly adults and people with disabilities and focus scarce health care dollars on less costly children. However there is no certain way to know what states will do. Below are possible choices states might make:

- **States may reduce coverage of home and community-based services (HCBS) and supports.** Most people who need long term services prefer to receive them at home. Over 650,000 people with I/DD receive long-term services paid for by Medicaid. States could decide to stop providing these services or limit the number of people who could get them. There already are over 300,000 people with I/DD on waiting lists for Medicaid home and community-based services. There are 730,000 people with I/DD living with aging caregivers who are approaching the time when they no longer will be able to care for their adult children with I/DD at home. If states stopped providing long-term services for people with I/DD, the waiting lists would grow and the situation for older caregivers would become more dire.
- **States may decide to move people into institutions.** Under a block grant, rules for providing quality care could be more flexible and conditions in institutions could return to the way they were in the past. With fewer requirements, it may be cheaper for states to care for people with I/DD in large facilities.
- **States may reduce eligibility by making it more difficult to meet financial or other criteria.** To be eligible for Medicaid, people have to be poor. States could restrict health care services to only the very, very poor.
- **States may increase the cost burden on the individuals or family members.** States may decide that families should take care of their family members who are elderly, ill or have disabilities. States might decide that sons and daughters should care for their parents when they become frail or ill without any public dollars. In order to get health care, people might have to pay more out of their own pockets. Since people on Medicaid are poor to start with, requiring them to pay for their medical care or long term services and supports could be an insurmountable barrier.
- **States may eliminate or reduce the availability of critical services such as personal care, prescription drugs, rehabilitative services, or home and community based waiver programs.** All of these services are “optional” under Medicaid meaning that states may choose to provide them under their Medicaid plans or not. If funds become scarcer, states may decide to stop providing these optional services.
- **States may slash the amounts they pay to doctors and other providers.** It is already very difficult for people using Medicaid to find doctors and other health care providers. Finding a dentist or a specialist, such as a neurologist, is impossible in some communities. If states cut the amount they pay doctors and other providers, those professionals may quit serving people under Medicaid making the problem even worse.

If people with disabilities lose their entitlement to Medicaid, couldn't they just purchase private insurance instead?

No. Most people with I/DD cannot get medical insurance through an employer because they do not work full time. In fact only 21% of people with all disabilities are working (March 2011). Others cannot find health insurers who will sell them policies because of their pre-existing conditions. Many people with I/DD cannot afford health insurance. Some people with I/DD find that if insurers will sell them policies it does not cover the services they need or the coverage is exorbitantly expensive.

Why are we concerned that services to people with disabilities might be targeted in the states if Medicaid is turned into a block grant?

People with disabilities and the elderly account for most of the Medicaid spending. While children and parents make up about 75 percent of Medicaid enrollees, they account for less than a third of the spending. In contrast, the elderly and individuals with disabilities make up about 25 percent of enrollees but about two-thirds of spending. Medicaid spending per capita in 2009 was \$3,442 for families (parents and children) and more than five times higher for the elderly and people with disabilities at \$17,763. The elderly and people with disabilities use health care services more often and use more health services and the elderly and people with disabilities are more likely to use long-term services and supports. We are very concerned that states may slash the supports that help people with I/DD live independent, productive lives.

Are block grants cost effective?

A Medicaid block grant doesn't control the cost of health care which continues to rise as people get older and use more health care services and as the general cost of all health care increases. They do shift more of the cost to that state and likely the individual. Costs may actually rise significantly because people who lose their health care or can't afford it will stop seeing their doctors or taking their medication. When that happens it makes existing health conditions worse leading to more doctor or hospital visits and more costs down the road and the individual faces more illness and hardship. If home and community based services are reduced it will likely lead to greater levels of costly and unnecessary institutionalization or homelessness. If people are not provided needed services they may not be able to work, learn or function in the community. This creates lost productivity from the individual and family members if they are called upon to provide care when there are no other options.

What can advocates do?

Advocates must make clear to their Members of Congress that block granting Medicaid is not the answer to our nation's deficit. Advocates must tell their Members what exactly is at stake. The health of people with I/DD may very well be at stake if it becomes more difficult or costly to access needed health services. What will happen if you or your family member loses services under Medicaid or if you have to pay for long term services and supports? Advocates must let their Members know what the biggest concerns are for individuals and families with I/DD if state Medicaid programs are turned into block grants. With less money, would states make it more difficult to become eligible for Medicaid?

- Would they cut benefits?
- Would they cut current levels of spending?
- Would they decide not to cover currently eligible populations?
- Would the states stop serving certain groups of people?
- Would they stop providing entire categories of services?
- Would people with I/DD be able to obtain health care?
- Would people with I/DD have long term services in community settings or would they be forced into institutions?

We must make our voices heard. We all understand that sacrifices will need to be made to address our nation's money problems. Advocates need to help Congress understand that solving these problems is going to take a common sense, balanced approach. We cannot solve our problems only by focusing on the poor, the elderly, and people with disabilities.

[1] Center on Budget and Policy Priorities [Rhode Island's Global Waiver not a Model for How States Would fare under a Medicaid Block Grant](#), March 2011. Rhode Island's block grant is held up as a model by some supporters of block grants. However, the state's fixed amount of federal funds was greater than their normal federal share of Medicaid dollars. Rhode Island's program does not reflect what likely would happen under block grant proposals currently being discussed. There also is disagreement about the state's claims of savings under its block grant.

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