



Plain Text Edition

A Self-Advocate's Guide to Medicaid

Part 5: What Could Happen to Medicaid?

5. What Could Happen to Medicaid?

What Could Happen to Medicaid if the Funding Changes?

There are some people in the government who want to change how the government pays for Medicaid. These people want the federal government to pay less for Medicaid. There are two different ideas that people are talking about:

Idea #1: Changing Medicaid funding to a **block grant**.

Idea #2: Changing Medicaid funding to a **per capita cap**.

Either one of these ideas would be a huge change to Medicaid. States would get less money from the U.S. government. To make up for getting less money, states would need to either raise more money for Medicaid, or make Medicaid cost less.

If states wanted to raise more money for Medicaid, they would need to raise taxes. Many people don't like when states raise taxes. So states would probably find ways to make Medicaid cost less. One way states could make Medicaid cost less is by taking Medicaid away from some people. Another way could save money is by not paying for as many Medicaid services.

What is a Block Grant?

A **block grant** is a set amount of money that the federal government decides in advance to give each state. The way that the federal government helps states pay for Medicaid would look very different if Medicaid were funded by block grants.

First, the federal government would decide how much money to give each state in a block grant. Different states would get different amounts of money. Next, the federal government would pay that money to the state once a year. Then, the states can put that money towards running Medicaid in their state.

How Would a Block Grant Work?

No federal matching

If Medicaid funding becomes a block grant, there would be no federal matching anymore. States would get a set amount of money from the federal government once a year. After the block grant money is used up, states would pay for the rest of the costs out of their own money. Even if more people need Medicaid or if people need more services, the federal government wouldn't give states any more money for Medicaid.

States would get less money

Block grants would also change the *amount* of money that the government gives states. If Medicaid changed to block grants, the government would give states a lot less money than it gives them now.

For example, let's talk about the plan that Congress is thinking about now. In this plan, the Federal government would spend \$880 billion less on Medicaid over the next 10 years. The plan is for the amount of money in the block grants to stay smaller than health care costs.

Every year, health care costs grow. But the plan says that even when health costs grow, states would not get more money to pay for these costs. This means that over time, states would pay more and more money for Medicaid, and the federal government would pay less money. This would change how states are able to run Medicaid.

If states wanted to keep the same amount of Medicaid, but the federal government paid less, the states would have to pay more. States can't spend extra money as easily as the federal government can. Most of the money states have is for things besides Medicaid. States use money for things like fixing roads, having police officers, and running schools.

Since states want to keep their roads, schools, and police officers, *and* they may not be able to raise taxes, they will probably decide to spend less money on Medicaid. Here are some things states might do to spend less on Medicaid:

- States could make it harder for people to get Medicaid
- States could limit the number of people who can get Medicaid
- States could have waiting lists for people who need Medicaid
- States could limit how many Medicaid services people can get
- States could stop paying for certain Medicaid services, like home and community based services
- States could pay doctors and health care providers less money for Medicaid services

This would be a big change from how Medicaid works now.

What is a Per Capita Cap?

What does “per capita cap” mean?

A per capita cap is a kind of block grant. A “cap” is a limit. “Per capita” means “for each person.” A “per capita cap” is a limit for each person.

What does a per capita cap do?

With a per capita cap, the federal government decides how much money a state gets for each person on Medicaid. The federal government would pay a state more or less money based on how many people are in that state’s Medicaid program. Just like block grants, per capita caps on Medicaid limit how much money the federal government gives states.

Each person who signs up for Medicaid would have a limit on how much their services can cost. If someone needs more Medicaid services, states would have to pay for any costs above the limit. States would have to pay these costs without any help from the federal government.

How Would the Per Capita Cap Work?

States would get less money

Right now, if more people in the state need Medicaid, the federal government will pay the state more since they match costs. States can depend on this matching when they think about costs. Also, if the people who are already using Medicaid get sicker and need more health care, the federal government will pay the state more. A per capita cap would change that.

With a per capita cap, the federal government would still give states more money when more people need Medicaid. But the federal government would *not* give states more money if the people who are using Medicaid need more health care, or if health care gets more expensive.

Example #1: A state might have an unexpected health situation. It could be a disease that makes a lot of people in the state sick. States would not get any extra help from the federal government to fight the disease.

Example #2: A new medicine could be created that costs more money. States could not ask for more funding from the federal government to pay for that medicine.

Effects on people with disabilities

People with disabilities often need more Medicaid services than people without disabilities. This means that it can cost more money for Medicaid to cover a person with a disability. Almost half of all Medicaid spending is for services for people with disabilities. Without federal matching, states will have a hard time giving people with disabilities the Medicaid services they need.

Just like a block grant

Like with block grants, per capita caps would get rid of federal matching as it is today. Like with block grants, per capita caps would mean the federal government gives states less money. Like with block grants, states might end up taking Medicaid away from people, or cutting services like home and community based services.

Other Changes That Could Happen

Making people on Medicaid pay more money

Medicaid is supposed to give health care to people who need help paying for it. Because of this, Medicaid has rules that limit how much money the people in the program have to pay. Some people in government want to get rid of these rules.

Without these rules, people using Medicaid would have to spend more of their own money, even if they don't have a lot. This means people wouldn't be able to afford the health care they need, even with Medicaid. And if they can't pay, they might get kicked off Medicaid. Then they would have no health care at all.

Work requirements

Some people want to make a new rule. The new rule would say that if an adult gets Medicaid, they need to have a job. This is a problem because some people on Medicaid can't work. People who can't work still need health care.

Examples:

- Kimi is being treated for cancer. She is too sick to work right now. She might be sick for a long time.
- Ravi takes care of his mom. Ravi's mom has Alzheimer's and needs a lot of help. Ravi had to stop working so he could take care of his mom.
- Monica is going to college. She needs Medicaid to pay for her wheelchair. If she had to work, she couldn't finish college.
- Ezra has a mental health disability that makes it hard for him to work full-time right now. Medicaid helps Ezra pay for his medications and therapist. If Ezra lost his Medicaid because he did not have a job, he might not be able to pay for his medications anymore.

- Shiro is autistic. Medicaid pays for Shiro to get a job coach to help him find a job. If Shiro did not have Medicaid because he did not have a job, he might not get the help he needs.

Even if someone can't work, they still need health care. That's why it is so important that even if someone can't work, they can still get Medicaid.

Glossary

block grant

A set amount of money that the federal government gives to each state to run Medicaid. Block grants are one idea about how to change how Medicaid is paid for.

federal government

The government that is charge of the entire country and is based in Washington. D.C.

federal matching

The federal government “matches” the money that states spend on Medicaid. In general: Every time a state spends \$1 on Medicaid, the federal government gives that state another \$1 for their Medicaid program.

home-and community-based services (HCBS)

A type of service, paid for by Medicaid, that are offered in home and community settings instead of in an institution.

Medicaid

A health care program in the United States.

per capita cap

A “cap” or limit on the amount of money that the federal government pays states for each person who signs up for Medicaid. A per capita cap is one plan to change how Medicaid is paid for.