

POSITION PAPER: MEDICAID

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THE ISSUE

Medicaid funding has been threatened repeatedly during the past several months by proposals to repeal and replace the Affordable Care Act (ACA). It continues to be threatened by 2018 federal budgets proposed by the President and Congress. Medicaid is a jointly funded Federal-State health insurance program for low-income and otherwise needy people. In May, 2017, 74.6 million Americans were enrolled in Medicaid[i], making it the largest source of health insurance in the country. In October, 2017, 1.9 million Arizonans were covered by Medicaid through the Arizona Health Care Cost Containment System (AHCCCS)[ii]. The federal government has been a reliable partner for state Medicaid programs since 1965. The federal match rate is from 50% to 75%. For ACA Medicaid expansion recipients it is even higher. Eligible persons include families with children, pregnant women, elderly individuals, persons with disabilities, or income below 138% of the federal poverty level guidelines.

The Medicaid program saves many lives and millions of dollars in uncompensated care cost that otherwise would increase everyone's cost for health care.

HEALTH CARE WORKGROUP POSITION ON MEDICAID

Health care should be a universal right for every American. Until that becomes a reality, we believe public funding for accessible comprehensive health care for those who cannot afford to pay the increasingly high costs of health insurance or to self-pay is essential. The federally-funded Medicaid Program is a critical component of the current social safety net of the United States. It must be sustained until our nation implements a system of affordable, comprehensive, universal health care coverage for *all* Americans. We believe Medicaid should be available to all who meet the Affordable Care Act (ACA) eligibility requirements, and that Medicaid expansion options as available through the ACA should be made available in all states.

OUR SPECIFIC POSITIONS

Our nation must provide access to affordable health care for Americans who cannot afford health care services paid out-of-pocket or through private health insurance plans with their high premiums, deductibles, and co-pays. This burden cannot be borne by our most vulnerable citizens and should not be placed on our health care providers, clinics, and hospitals.

People enrolled in the Medicaid Program cannot afford to purchase health insurance or to pay out-of-pocket for the health care they need. Many have physical or developmental disabilities, are elderly, or are otherwise unable to work. Others are employed in low wage jobs without health care benefits. People who cannot afford preventive or early intervention care seek treatment for disease only after symptoms become severe or life-threatening and require more intensive and expensive treatment. Prevention and early intervention are more effective, reduce human

suffering, and are significantly less costly. Under urgent circumstances, children and families must turn to hospital emergency rooms where they cannot be turned away. If the patient requires inpatient care, the hospital must continue to provide uncompensated care until the patient's condition stabilizes. These unreimbursed costs incurred by hospitals are passed onto patients who have comprehensive health insurance or those who can afford to pay out-of-pocket. This drives up the cost of care for all. Hospitals can be driven out of business.

The Medicaid Program should be funded adequately to maintain physician participation and a comprehensive array of accessible providers.

Low reimbursement rates have contributed to the fact that about 30% of physicians nationally either refuse to see Medicaid patients or limit the number of Medicaid patients in their practices[iii]. By comparison, in Montana, where reimbursement rates were raised, only 10% of providers have limited access to care for Medicaid patients. Lack of access, due in part to low reimbursement levels, has resulted in less patient access that can contribute to poorer health outcomes.

AHCCCS, which operates under an integrated managed care model, has “proven itself equal to the task of operating efficiently and effectively. It is often upheld as a national role model for other states to emulate[iv]”. Block-grants, under proposed formulas, would actually penalize them for their successful outcomes by basing Arizona’s funding allocation on these historical lower costs. A recent failed health care proposal that included block-grants to states was predicted to have reduced Arizona’s Medicaid funding by \$10.4 billion from 2020 through 2026[v].

Medicaid should continue to be administered by the federal government rather than being block-granted to states.

Capping and block-granting Medicaid to states would have disastrous long-term consequences for many thousands of Arizonans. Under current block-grant proposals, once grant amounts are determined, they will not be increased if state costs are greater than expected. While some claim that block grants will increase state flexibility, in reality this flexibility will be about how to make up for Medicaid funding shortfalls: which services to cut, how to reduce eligibility, which hospitals’ or doctors’ reimbursements to cut, or which taxes to increase.

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Medicaid is an essential support rather than a detriment to a person’s or family’s ability to become financially self-sufficient.

Low-income individuals and families live in “survival mode” because our nation’s minimum wage is not a living wage. Being able to afford food, clothing, shelter, school supplies, and transportation is already a daunting task for minimum wage families. Working parents face even more financial challenges because of the costs of being employed, including having appropriate clothing and good hygiene, dependable transportation, and child care. Many find it necessary to have two or three jobs at one time. Low-income families trying to stretch limited dollars to pay for all of these “basics” have no money left to pay for health care.

All children need immunizations, dental care, developmental assessments and medical care for common childhood maladies. Children with special needs (physical, behavioral, developmental) require a variety of health services. And, of course, parents must have access to health care in order to be healthy enough to raise healthy children. Access to affordable, comprehensive health care is critical for families.

There are serious public health implications for the fact that our nation has a large population of medically uninsured persons. Amongst these are that health insurance not only spreads financial risk, but also promotes appropriate use of preventive and routine health care services that keep people well at the least expense. Their lack of coverage is rarely voluntary and can have negative consequences for all of us. Amongst the ramifications of not being insured are “economic costs (worse health, developmental, and functional outcomes for children and adults) that result from their lack of health insurance; the impact on family economic stability and psychosocial well-being when any member of a family lacks coverage; and the spillover effects within communities of relatively high uninsured rates on health care services and institutions, local economies, and population health.”^[viii]

Work requirements for Medicaid recipients will not increase their rate of employment.

Employment requirements for Temporary Assistance for Needy Families (TANF) demonstrated an initial increase in employment among enrollees. Over time it was found “that the employment gains were ephemeral, inconsistent, and have often been questionably attributed to ‘welfare reform’”^[ix]. In fact, employment rates rose for people who were on TANF and not subject to work requirements, even as people with work requirements lost jobs^[x]. The conclusion was that there are other economic factors, including a strong job market and investments in Medicaid, Children’s Health Insurance Program, and child care grants that help sustain long-term employment more than work requirements.

Parents, especially those who have children with special needs, have enormous parenting responsibilities. They must coordinate their children’s services and provide or arrange transportation to and appropriate involvement in required health and support services scheduled throughout the business day. Most low wage jobs do not permit workday flexibility. For all parents, the cost of developmentally-appropriate, dependable child care continues to soar, in some cases absorbing the majority of a small paycheck. Proponents of work requirements for Medicaid recipients do not understand that the size of a minimum wage paycheck is not sufficient to fund the costs associated with being employed and having a family.

Single adults, especially those with diagnosed medical conditions or developmental disabilities, may appear to be able to work, but, in reality may not have the capacity to maintain a household, a wardrobe, transportation, and a work schedule over time. To assume that all single adults who are unemployed are “lazy” or that receiving Medicaid allows them to remain jobless, is a shallow conclusion that doesn’t take into consideration numerous underlying issues.

SUMMARY STATEMENT

Public funding for Medicaid must continue as currently provided and commensurate with the needs of the eligible target population. Eligible persons should continue to be enrolled using the ACA’s Medicaid expansion criteria. States that did not expand Medicaid under the ACA should expand Medicaid now. To increase access to care, Medicaid reimbursement rates should match Medicare’s. We believe state block grants would result in significant cuts to eligibility, services, and number of participants. Medicaid is an essential support for low-income families and all

eligible persons, not a detriment to financial independence. It is an essential component of our nation's social safety net and a vital component of public health.

[i] Kaiser Family Foundation

[ii] AHCCCS.gov, Oct 2017

[iii] *FactCheck.org*, March 29, 2017

[iv] *Vitalyst Health Foundation*

[v] Ken Alltucker, *The Republic, azcentral*, Sep 22, 2017

[vi] *Vitalyst Health Foundation*

[vii] Ken Alltucker, *The Republic, azcentral*, Sep 22, 2017

[viii] Costs, Benefits and Values: Context, Concepts, and Approach, Hidden Costs, Values Lost: Uninsurance in America, NCBI Bookshelf, National Institute of Health.

[ix] *The Atlantic*, Mar 23, 2017

[x] *Center on Budget and Policy Priorities*