Medicaid 101

- Federal-state partnership
- Federal government sets minimum standards
- States have leeway on how services are delivered
- Primary payer of long-term services and supports and (LTSS) long-term care
  - Institutional care is mandatory; HCBS optional
- Already flexible! Waivers allow for innovation and/or special services to targeted groups or locations
Who is Covered by Medicaid?

- 6 million low-income seniors and 10 million people with disabilities receive services and supports through Medicaid (=62% of Medicaid spending)
- Two-thirds of seniors in nursing homes rely on Medicaid
- 39% of American children are covered by Medicaid (=21% of Medicaid spending)
- Overall, Medicaid covers nearly 80 million low-income Americans
- 15% Medicaid spending covers non-disabled low-income adults
Senate’s Better Care Reconciliation Act
ACA Repeal & Replace
Elements in BCRA

- Eliminates individual and employer mandates:
  • creates 6-month lock-out feature if insurance lapses for more than 63 days
  • age rating increased from 3:1 to 5:1 (or higher)
  • allows states to waive Essential Health Benefit requirements
- Reduces tax credits:
  • limits to people 350% of poverty vs. ACA’s 400%
  • skews amount of credits to younger consumers
  • lowers benchmark plan to lowest bronze level (i.e., 70% to 58% of full actuarial value of ACA EHB plan).
Effect of BCRA on 64-Year-Old

CBO finds that a typical 64-year-old with income at 175 percent of the federal poverty line would pay in 2026, on average, $4,800 more in premiums in 2026 than under current law to purchase a silver plan, while also having to pay thousands of dollars more in deductibles and other out-of-pocket costs because he would no longer be eligible for cost-sharing reductions.

Source: CBPP
ACA Repeal & Replace
Elements in BCRA

– Phases out the higher federal match rate for Medicaid expansion population by 2023
– Rolls back pre-existing conditions protections, lifetime cap and out-of-pocket cost protections
– Eliminates the Prevention and Public Health Fund, which funds falls prevention, CDSMP, other vital prevention programs
– Eliminates ACA incentives to rebalance Medicaid LTSS to HCBS (e.g., CFC)
– Eliminates suite of taxes that currently pay for ACA, with benefit to high earners and wealthy investors (which hastens insolvency of Medicare Trust Fund)
But BCRA Goes Beyond ACA!

It Restructures Medicaid

- Gives states option of block grant or per capita cap
- Only blind and disabled children with are exempt from the per capita cap
- Indexes federal funding increases to CPI by 2025
- State option to impose work requirements
- Eliminates 3-month retroactive coverage requirement for LTC
### Proposed Changes to Medicaid

<table>
<thead>
<tr>
<th>TODAY</th>
<th>BLOCK GRANT</th>
<th>PER CAPITA CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feds pay a <strong>fixed percentage</strong> of each state’s Medicaid costs in providing covered services to all eligible beneficiaries who apply.</td>
<td>Feds would pay states a <strong>fixed amount</strong> to use on Medicaid costs based on overall state Medicaid spending levels.</td>
<td>Feds would pay states a <strong>fixed amount</strong> to use on Medicaid costs based on current total Medicaid spending per enrollee.</td>
</tr>
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</table>
Medicaid Per Capita Caps Shift Costs and Risks to States

Current Medicaid Financing System vs. Capped Medicaid Funding (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Expected Spending (current system)</th>
<th>Higher Spending (current system)</th>
<th>Expected Spending with Cap</th>
<th>Higher Spending with Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Share</strong></td>
<td>$50</td>
<td>$60</td>
<td>$60</td>
<td>$80</td>
</tr>
<tr>
<td><strong>State Share</strong></td>
<td>$50</td>
<td>$60</td>
<td>$40</td>
<td>$40</td>
</tr>
</tbody>
</table>

FEDERAL CAP
What Are the Possible Impacts?

• Under the *Better Care Reconciliation Act*:
  - Federal Medicaid spending would be cut by a total of $772 billion over the next ten years... *with deeper cuts buried in the out years!*
  - Medicaid cuts would increase over time and provide **no increases** for unanticipated events
  - As a result, the number of Medicaid beneficiaries would fall by **15 million** by 2026, a reduction of ~17 percent relative to the current law
  - Overall increase in the number of uninsured people of 22 million by 2026

*Cuts this big will affect beneficiaries, hospitals, insurers and providers.*

Source: Congressional Budget Cost Estimate. (June 2017) available at: https://www.cbo.gov
Medicaid Under BCRA

Senate GOP Plan Would Cut Medicaid by $772 Billion Over Ten Years

Source: Congressional Budget Office, June 2017
What Might States Do?

• Details of who/what states will have “flexibility” to cut depends on eventual legislative language, as well as administrative decisions from CMS. But states could be free to:
  – Cap enrollment
  – Narrow eligibility
  – Open new waiting lists
  – Impose work requirements
  – Charge co-pays
Advocacy Needed!
Keep Up the Pressure!

National Association of Area Agencies on Aging
#SaveMedicaid Advocacy Messages

- Medicaid is critical to the health and well-being of 6 million older adults
- As nation ages, we should not REDUCE access to cost-effective HCBS, or LTSS safety net
- Cuts of $772 billion = reduced services, increased costs to consumer, waiting lists
Must-Dos

• Reach out to your Senators (yes, even Democrats!)

• Engage local media

• Enlist your local networks
  – advisory councils
  – providers
  – clients and caregivers

• Invite lawmakers to see your programs in action in August
Our Toolkit Can Help!

- Customizable Alert
- Sample Letter to Senators
- Sample LTE/Op-Ed
- Talking Points
- Social Media Kit
- Other Resources

www.n4a.org/SaveMedicaid
Register Now!

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