

HOUSE BUDGET COMMITTEE PLAN ENDS KIDS COVERAGE AS WE KNOW IT



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On March 20, 2012, House Budget Committee Chairman Paul Ryan (R-WI) released the FY 2013 House Budget Resolution. Like last year, the Committee's budget calls for a dramatic reduction in federal spending, this time proposing \$5.3 trillion in cuts over 10 years. Most notably for children's health, the Ryan plan reduces the share of funding for Medicaid and CHIP from 2 percent of GDP in 2011 to 1 percent in 2050. It would also convert Medicare into a voucher program, requiring seniors to face increased out-of-pocket costs as they get older.

KEY PROVISIONS FOR CHILDREN'S HEALTH COVERAGE

Converts Medicaid into a block grant, cutting federal support by \$810 billion over the next 10 years. The Ryan plan would cut federal support for Medicaid by one-fifth over the next 10 years (2013-2022), a 22 percent cut compared to current law. This is an even greater cut than was proposed in last year's House budget, which called for \$771 billion in cuts. By turning Medicaid into a block grant, states would receive fewer federal funds and be forced to contribute more of their own resources to preserve coverage for children. Given the current budget challenges, this would be impossible for most states. Furthermore, block grants actually limit state flexibility by taking away a state's ability to meet the needs of their citizens during times of crisis – including events like 9/11, Hurricane Katrina, and the recent economic recession. Under the Ryan plan, states would have to bear 100 percent of the added cost. Every state would experience a drastic drop in Medicaid funding. Without a doubt, this policy would cause states to sharply reduce coverage for children and other vulnerable populations, including people with disabilities.

Ends CHIP by eliminating \$28.9 billion in funding. The Ryan plan repeals the Affordable Care Act, eliminating the \$1.5 trillion that the ACA uses to help 30 million Americans get health insurance. The repeal would end the Medicaid expansion, affecting health care access for approximately 17 million people. It also eliminates the tax credit assistance for middle-class families, taking away tax cuts worth a total of \$110.1 billion in 2014 for about 28.6 million Americans. By repealing the ACA, the Ryan plan cuts two years of expanded funding for CHIP. Currently, the 2012 CBO baseline shows \$19.2 billion in funding for CHIP in 2014 and \$21.1 billion in funding for 2015, a total amount of \$40.3 billion. The Ryan plan funds CHIP at just \$5.7 billion each year, with a total of only \$11.4 billion. The total cut in funding to CHIP, by repealing the ACA, is \$28.9 billion. This will result in millions of children losing coverage in states.

Ends the entitlement nature of Medicaid. The Ryan plan would allow states to waive current requirements that guarantee Medicaid for all who are eligible. It would also permit states to place limits on covered services or drop benefits for special populations, including those who are disabled or who have other special health care needs like autism or Downs Syndrome.

Leaves states holding the bag. Block grant funding for Medicaid would only shift costs to states. Without a doubt, block grant funding would be far short of state need. The Ryan plan proposes to increase annual block grant funding by an amount that is on average more than 3.5 percent **lower** than Medicaid's current projected growth rate. By 2022, it is estimated that Medicaid funding would be approximately 34 percent less than the amount states would receive under current law. According to the CBO, by 2040, federal Medicaid and CHIP spending as a share of the economy would be reduced by half.

A CBO analysis of the Committee's budget found that the magnitude of the Ryan cuts would cause states to make considerable cutbacks in their Medicaid and CHIP programs, including increased cost-sharing, reduced benefits, and lower payments to providers, all of which, in CBO's words "would reduce access to care."

Medicaid plays an essential role in securing the health and well-being of almost 30 million children, especially as families continue to struggle with the downturn in the economy. Together with CHIP, Medicaid has been enormously successful in providing access to health services to more than one-third of our nation's children. From vaccinations, well-child check-ups, and chronic disease management, to oral health, vision care, and prenatal care for expectant mothers, Medicaid ensures that children get the services they need to grow, develop, and go to school ready to learn. By every measure, Medicaid is an essential lifeline for children, who constitute about 50 percent of the beneficiaries, but only about 20 percent of the costs.

Instead of cuts that will disrupt health care coverage for millions of American children, we urge congressional leaders to hold children harmless as you seek more efficient, cost-effective ways to address the budget deficit. Keeping children healthy is not just the right thing to do, it is critical if our nation is to have a workforce that is healthy and prepared to meet the challenges of the future.