

On March 12, 2013, House Budget Committee Chairman Paul Ryan (R-WI) released the FY 2014 House Budget Resolution. Like last year, the Republican budget calls for a dramatic reduction in federal spending, this time proposing \$5.7 trillion in cuts over 10 years. The budget again proposes dramatic cuts to Medicaid by block granting the program and entirely defunds the Affordable Care Act (ACA). The Republican budget also proposes to block grant the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. Another big-ticket health saver, the budget converts 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 \$756 billion over the next 10 years.** By turning Medicaid into a block grant, states would receive fewer federal funds and be forced to contribute more of their own resources in order to avoid limiting 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. Last year, the Urban Institute estimated that a very similar block grant proposal in Ryan's previous budget would result in 14 to 21 million individuals losing their Medicaid coverage by 2022.

**Ends the Medicaid guarantee.** The Ryan plan would allow states to waive current requirements that guarantee Medicaid for all who are eligible. It would also permit states to limit 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. While the CBO has not released an analysis of this year's Republican budget, last year's similar plan proposed to increase annual block grant funding by an amount that was on average more than 3.5 percent lower than Medicaid's current projected growth rate. By 2022, it was estimated that Medicaid funding would be approximately 34 percent less than the amount states would receive under current law. By 2040, federal Medicaid and CHIP spending as a share of the economy would be reduced by half.

**Makes it harder for low-income and middle class families to get health coverage.** The Ryan plan defunds the ACA, eliminating the \$1.7 trillion that would be spent to help approximately 27 million Americans get health insurance. Last year, CBO 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."

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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 the CHIP, Medicaid has been enormously successful in providing access to health services for one-third of our nation's children. From vaccinations, well-child check-ups, and

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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, children must be held harmless as Congress seeks 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.