

U.S. Senate
Washington, D.C. 20510

June 22, 2017

Dear Senator:

On behalf of Consumers Union, the public policy arm of nonprofit Consumer Reports, we write to share a Consumer Reports article published yesterday “[Who’s on Medicaid Might Surprise You](#)” and to express our concern regarding the fundamental changes to the financing and structure of the Medicaid program in the Senate version of American Health Care Act (AHCA).

As our article highlights, Medicaid beneficiaries come from all walks of life; their backgrounds are diverse but the deep impact of restructuring Medicaid would be universally felt. Half of Medicaid enrollees are children, many of them with special needs.^{1, 2} Families of children with rare genetic diseases or other special needs depend on Medicaid funding to cover school-based services like speech and occupational therapy that make an enormous difference in their development.^{3, 4} Many adult, non-disabled enrollees in Medicaid work full-time — for many, more than 40 hours per week — in low-wage jobs without other coverage.⁵ Medicaid also helps adults who struggle to work when debilitating disease, such as MS, makes working full time impossible.

Moreover, Medicaid pays for two out of three nursing home beds and is the primary funder of long-term care and support services for the aged.^{6, 7} For many seniors, Medicaid is the difference between aging in dignity and not being able to afford quality care or a place to live. If grandparents lose access to long-term care or nursing homes because of Medicaid cuts, working families who already struggle to pay for childcare and save for college will also shoulder the burden of housing and caring for their parents.

The proposed change to how Medicaid is financed — from a fixed federal *percentage* of costs to a fixed *amount* of federal dollars under a per capita cap — is actually a **deep cut** to Medicaid that threatens healthcare for seniors, people with disabilities, veterans, military families and 32 million children, among others. Although recent discussion has centered on finding the right

¹ Kaiser Family Foundation, “10 Things to Know about Medicaid: Setting the Facts Straight,”

<http://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>

² Kaiser Family Foundation, “Medicaid and Children with Special Health Care Needs,” <http://www.kff.org/medicaid/issue-brief/medicaid-and-children-with-special-health-care-needs/>

³ Center on Budget and Policy Priorities; <http://www.cbpp.org/research/health/medicaid-helps-schools-help-children>.

⁴ NHELP, <http://www.healthlaw.org/blog/575-school-districts-hit-hard-under-proposed-medicaid-cuts>.

⁵ Kaiser Family Foundation, “Understanding the Intersection of Medicaid and Work,” February 2017; <http://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>

⁶ Kaiser Family Foundation, “Medicaid and Long-Term Services and Supports: A Primer,” December 2015; <http://kff.org/medicaid/report/medicaid-and-long-term-services-and-supports-a-primer/>

⁷ Kaiser Family Foundation, “Nursing Facilities, Staffing, Residents and Facility Deficiencies, 2009 Through 2014; <http://www.kff.org/medicaid/report/nursing-facilities-staffing-residents-and-facility-deficiencies-2009-through-2014/>

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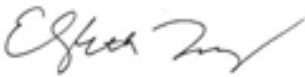
formula for a capped growth rate, the structural change to the funding of Medicaid, not the formula itself, is the key problem. There is no growth rate that can mitigate the harms that per capita caps would cause, both to consumers in your state and the state's budget.

Restructuring Medicaid will not eliminate the cost of care; rather, it would shift billions of dollars of healthcare costs onto states and consumers. Under a capped financing structure, states will not be able to keep providing the same level of benefits to the same number of beneficiaries.⁸ Not only will state budgets and services be undermined, but once Medicaid adopts a capped formula structure, nothing prevents additional federal funding cuts in the future. Medicaid funding will hang in the balance, making it even more difficult for states to accurately budget for the future.

Furthermore, the rigidity of per capita caps means that states will be particularly ill-equipped to deal with aging populations and unexpected crises or events. In future years, a larger portion of Medicaid beneficiaries will be seniors with more complex and costly needs. During an economic downturn in which a greater number of people need Medicaid, or in the event an unexpected healthcare crisis—such as an outbreak of Zika or the opioid epidemic—or the discovery of a new but costly cure for a serious disease, states will be solely responsible for unexpected costs. It is impossible to predict the scope and cost of this type of crisis, making a one-time solution, such as specific carve-outs to states or for specific populations, ineffective.

As a nonpartisan, independent organization that, for more than 80 years, has advocated for products, marketplace practices, and policies that best protect consumers, Consumers Union urges you to oppose this fundamental restructuring of Medicaid that threatens the health and financial well-being of millions of Americans. Medicaid plays a critical role in your state for your residents' health, as well as for the state's budget and overall economy. We urge you to stand up for consumers in your state by fighting to preserve Medicaid.

Sincerely,



Elizabeth Imholz
Special Projects Director



Victoria Burack
Health Policy Analyst

⁸ It is estimated that these caps will cut federal funding to Medicaid by \$116 billion over ten years, on top of the expansion cuts. Center on Budget and Policy Priorities. *House Republican Health Plan Shifts \$370 Billion in Medicaid Costs to States*. March 8, 2017.