

### All Eyes on Medicaid as House & Senate Vote for Cuts

The House and Senate Budget Committees last week each marked up budget resolutions that call for a reduction of \$15-20 billion in Medicaid spending during the next five years. The House budget includes \$69 billion in cuts to mandatory entitlement programs (such as Medicaid and Food Stamps), while the Senate version calls for \$32 billion in cuts to mandatory entitlement programs. Both House and Senate budget resolutions call for a reduction of at least \$15 billion in Medicaid spending.

Already Pennsylvania is experiencing the consequences of the proposed federal budget. In Gov. Rendell's budget unveiled in February, no cuts were proposed in Medicaid/Medical Assistance eligibility. However, cuts in Medical Assistance services were proposed through caps on the number of hospital visits for adults and increased co-pays. More limits would be placed on services including prescriptions, inpatient and outpatient visits and ambulance usage.

Thirteen percent of Pennsylvanians receive Medicaid/Medical Assistance benefits and 60 percent of those who rely on Medical Assistance resources are children and families.

Pennsylvania gets 34 percent of its budget from the federal government.

Under the proposed federal budget, not only will millions of children grow up without the medical care they need, but their untreated health problems will end up burdening the taxpayers much more in lost revenues and increased expenses than it would have cost to provide the diagnoses, treatments, and preventive measures in the first place.

These are not frivolous expenditures. Food, health care coverage and education are the basic necessities all people deserve and should protect.

However, PPC has learned that an amendment will be introduced in the Senate on Tuesday that will seek to strike any Medicaid cuts from the budget and replace cuts with a Medicaid Commission to examine the low-income health insurance program.

According to a news release from Sen. Gordon H. Smith (R-OR), Sen. Smith will offer legislation to the full Senate on Tuesday as an alternative to the cuts. There is a real possibility that this

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amendment will be passed, but PPC is urging people to call Sen. Specter and Sen. Santorum and ask them to support the Smith-Bingaman Amendment.

## Medicaid

More than 1.7 million Pennsylvanians receive their health care through Medicaid; children and families represent 60 percent of this population and 13 percent are older Pennsylvanians. The Medicaid program is critical to Pennsylvania's economy and families. Any changes must be weighed carefully.

Medicaid has three primary service components: long-term care financing for elderly people, health care financing for individuals with disabilities, and health care financing for children and families. In 2005-2006, Pennsylvania projects to expend 34% - \$4.4 billion - for health care services for older Pennsylvanians through the Medicaid Program, while individuals with disabilities are anticipated to account for 37%, and children and families for 21% or \$2.7 billion.

Medicaid is a core component of health care services in all communities around the Commonwealth. Medicaid pays for 17% of hospital care, 12% of physician and other professional services, 17% of all prescription drugs, and nearly half (48%) of all nursing home care.

MA is also a core ingredient to a child's preparation for and success in educational settings. Children who do not have health coverage are 25% more likely to miss school or day care, impacting their parents' ability to go to work. Children who have health coverage report a 68% improvement in school attendance and

completion of school tasks.

Because Medicaid is financed jointly by the federal government and states, loss of Medicaid funds would impact local economies, individual consumers, health care providers and the health and well-being of local communities.

Both the House and Senate are expected to complete action on the budget resolutions this week, with the Senate acting as early as Tuesday, March 15.

Here's proof that some senators may be starting to feel the burden between backing the president yet heeding their governors' concerns about state spending:

Senate Budget Committee members agreed Thursday, March 10 to adopt language stating that the budget should not "cap federal Medicaid spending, or otherwise shift Medicaid cost burdens to state or local governments," as reported in *The New York Times*.

## Discretionary Programs

In the House resolution, domestic discretionary programs (appropriated each year) would be cut by \$216 billion throughout five years. These cuts would affect funding for Head Start, child care, housing, veterans' benefits and many other programs. The Senate resolution would cut the same programs by \$207 billion over five years. This represents a 13% cut in domestic spending by 2010.

## Temporary Assistance to Needy Families (TANF)

On March 9, the Senate Finance Committee

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approved a TANF reauthorization bill, known as the "PRIDE Act." The bill now provides a total of \$6 billion in additional child care funding over the next five years. Most of this increase was paid for through a set of reforms to the Earned Income Tax Credit and the Child Tax Credit.

TANF funds underwrite the costs of work supports that are integral to families' engagement in and retention of employment: education and training, child care, transit assistance and more. These work support services enable parents to successfully make the transition from welfare to work.

It is unclear when this bill will be considered on the Senate floor, but it is not expected until April at the earliest. The House Ways & Means Committee, in the meantime, is looking at a cut of \$19.1 billion to TANF over five years.

## Action Alert!

Please call Senator Arlen Specter's office at 202-224-4254 and Senator Rick Santorum's office at 202-224-6324 this week and ask the senators to support three amendments that are vital to protecting children, the elderly and people with disabilities in Pennsylvania. Please support:

- The Smith/Bingaman bipartisan amendment to strike cuts to Medicaid and create a commission to recommend policy changes to manage Medicaid effectively;
- A Feingold/Chafee amendment to create a 60-vote point of order against any legislation that increases the deficit, whether by increasing spending or cutting taxes;
- An amendment to deny special reconciliation protections to tax cuts.

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## State News

The House Children & Youth Committee will begin meeting this week to consider HB 125 which requires unannounced inspections of child care facilities; creates resource and referral services for daycare, and requires additional background checks for family daycare providers.

In recent weeks, the House and Senate Appropriations Committees have been holding their hearings on the governor's proposed budget. Medicaid has been front and center. Details are still being worked out on the premium cost sharing with families of children with disabilities receiving Medicaid. Concerns

are mounting over changes in benefits for adults on MA. During the Senate hearing on the Office of Health Care Reform, concerns were raised about the settlement that has been announced with the insurance industry, "The Blues." Members questioned the authority of the Office to negotiate the deal. More is likely to be heard on this front in the spring.

While the House and Senate reconvene this week, not much action is expected on the state budget anytime soon.

Look for April's edition of Capitol Watch for action steps appropriate to take with state policymakers. For now, all eyes are on DC.