

THE AMERICAN HEALTH CARE ACT

THE WRONG APPROACH FOR PENNSYLVANIA'S CHILDREN

The U.S. Senate could vote imminently on legislation that would overhaul the Medicaid program to the detriment of the 1.2 million children in Pennsylvania who rely on this program for health care coverage.

Restructuring Medicaid as a per capita cap program will likely be part of that bill and is being promoted as giving states more “flexibility” or “control.” The state already has control over these programs, and for 50 years has operated health care programs in a way that works best for our population.

Read on to get the facts about these proposals and how they would hurt Pennsylvania kids.

PENNSYLVANIA

has made great strides in recent years, reaching an all-time low of

4.1% 
for the number of uninsured children.

FACT: THE AMERICAN HEALTH CARE ACT WILL HURT KIDS

The American Health Care Act would:

- * Implement a per capita cap for Medicaid - limiting federal funding and leaving the state at risk if costs for services grew more than the inflation factor. This means as promising new treatments arise that are costly, the state would have to decide if they will provide them and foot the bill. The state's emergency response to additional treatments needed in a public health crisis or outbreak would be drastically reduced.
- * Roll-back Medicaid eligibility for kids based on family income.
- * Put funding for children with greater needs such as those who are medically fragile or receiving medically-eligible early intervention or special education services at risk as costs of those services grow.
- * Limit funding for Medicaid, leaving Pennsylvania on the hook to pick up additional costs. The state has been experiencing repeated budget deficits and is not fiscally capable of picking up the added expenses.
- * Reduce the federal share of Medicaid expansion costs and potentially limit parent enrollment which would have a negative impact on kids.

WE CANNOT AFFORD TO GO

BACKWARD

FACT: CAPPING FUNDING WILL CAP COVERAGE WHEN HEALTH CARE COSTS RISE

If Medicaid is changed to a per capita cap funded program, federal funding would be based upon a set amount for each enrollee. There are a variety of methodologies for establishing enrollee caps, including a national cap per enrollee, a statewide cap per enrollee, or separate caps for different enrollee groups, such as children, children with disabilities, seniors, and the disabled. Pennsylvania's current or historical costs in the Medicaid program, subject to an inflationary factor, could serve as the base amount of federal funds received.

In a per capita cap environment, Pennsylvania would be at risk if costs for services grew more than the base cost plus any inflationary factor. As new treatments arise that may cost more in the short-term but save money in the long-term, the state would have to decide whether to fund the treatment. And, the state's emergency response to additional treatments needed in a public health crisis or outbreak would be drastically reduced.

FACT: PENNSYLVANIA CANNOT AFFORD TO FOOT THE BILL FOR MEDICAID

Medicaid covers more than 2.8 million individuals in Pennsylvania, and 1.2 million of them are children. In addition to creating barriers to health care for these kids, drastic cuts to Medicaid would put the state's fiscal viability in even deeper peril than it already is.

Currently, the federal government pays about 52% of Medicaid program costs in Pennsylvania. Sharing expenses is particularly helpful in times of greater demand for the program, due to recessionary periods or during outbreaks when enrollment and costs grow.

The proposals circulating in Washington seek to limit federal spending to the tune of tens of billions of dollars. Year after year, Pennsylvania experiences a budget deficit, and this year is no different as the deficit is currently about \$3 billion.

One thing is for sure: the need for health care and increasing costs are a constant, so shifting additional costs to the state will only cause more hardship.

BOTTOM LINE: MEDICAID, CHIP AND THE ACA WORK AND THEY WORK BEST TOGETHER

With Medicaid as the foundation and in combination with CHIP and the Affordable Care Act (ACA), more than 1.3 million children in Pennsylvania have access to affordable, quality health care coverage and the state has reached an all-time low of only 4.1% of children lacking health insurance. We are on the road to reducing that number even further, and going in reverse is an accident waiting to happen.

Now is not the time to make serious changes to the funding structure of Medicaid, because it is working: while children represent just less than one-half of program enrollments, they represent less than one-fifth of the cost of the program.

The proposals being considered in Washington all pose serious threats to the gains Pennsylvania has made in providing children with access to health care coverage. Policymakers must carefully consider the next steps and we ask that they guarantee there will be no changes to the coverage children currently have.



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