Medicaid Per Capita Caps Significantly Reduce Funding Available for Child

Published: Wednesday, 31 May 2017 08:00
Written by: Questions?

Under Congress' current health care proposal, Utah would see significant funding reductions for children enrolled in Medicaid. The American Health Care Act (AHCA) passed the House in early May and is currently being considered by the Senate. The AHCA proposes a major restructuring to the Medicaid program, which would lead to a $834 billion cut to the federal Medicaid program. The proposal would cap the federal funding states receive on a per-Medicaid beneficiary or per capita cap basis, starting in 2020. Using recently published data on the impact to the Medicaid child population,[1] Voices for Utah Children estimated the impact of per capita caps on Utah's budget and funding available for children's services and programs.

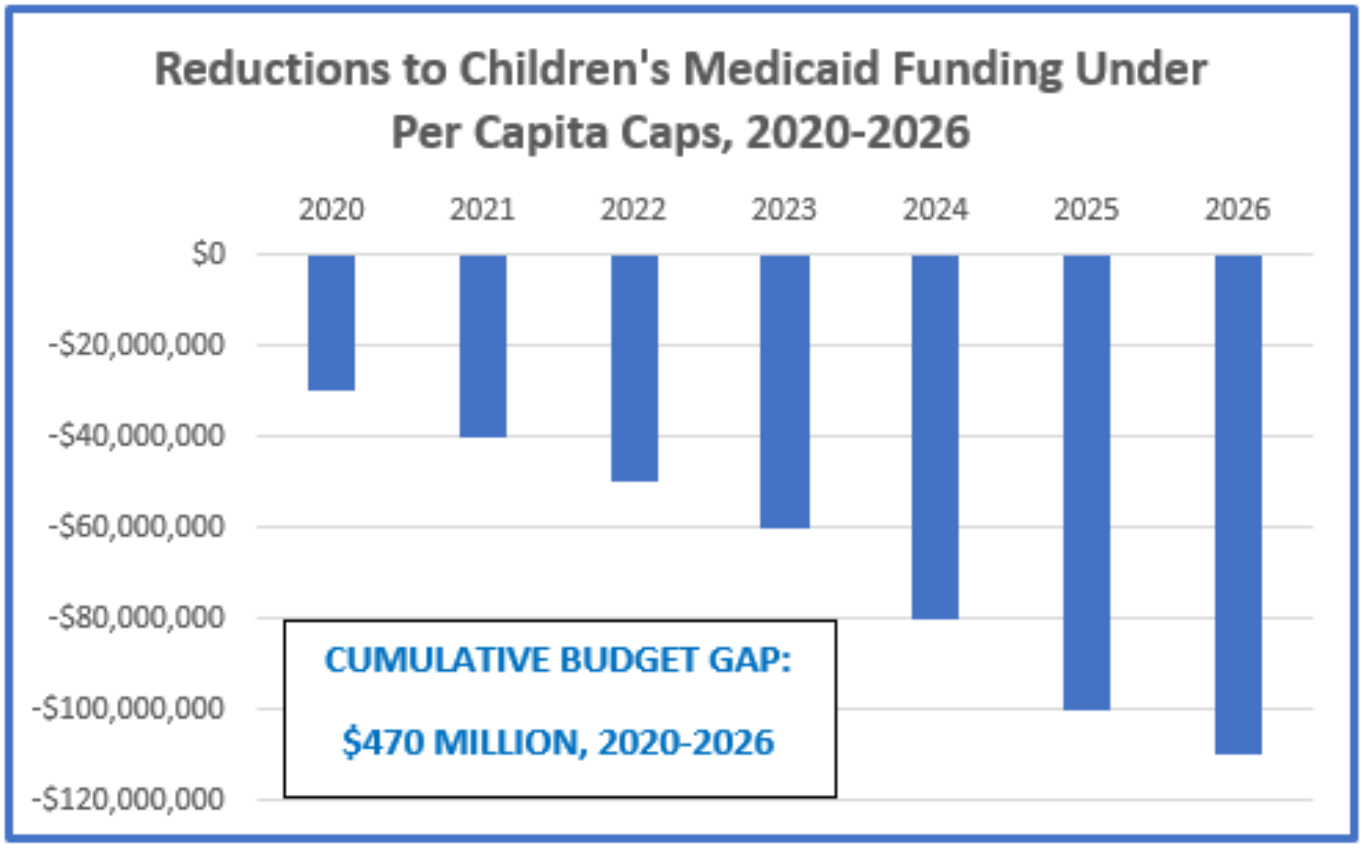
Per capita caps and state funding reductions

Utah would lose at least $470 million dollars by 2026 for children without disabilities enrolled in Medicaid. Because of data limitations, projections do not include children with disabilities enrolled in Medicaid. Therefore, Utah would likely see even higher funding reductions for the total child population enrolled in Medicaid by 2026, or sooner.

The chart below illustrates the impact of a per capita cap on available state funding for children's services. The chart is based on the American Health Care Act structuring of a per capita cap.

Phoca PDF

Published: Wednesday, 31 May 2017 08:00
Written by: Questions?



Data Source: Avalere Health, May 2017

These findings are consistent with previous analyses of the impact of Medicaid per capita caps on Utah's budget. Although data on the Utah-impact of the per capita cap are limited, Voices for Utah Children released an earlier report looking at the impact of a Medicaid per capita cap on Utah's state budget, had it gone into effect 10 years earlier. Using retrospective Medicaid data, the report found that Utah would have experienced a $649 million shortfall in its state budget today.[2]

Current projections highlight the impact on the Medicaid child population in Utah. Medicaid funding reductions would result in 1) a reduction in available Medicaid services or benefits; 2) fewer individuals eligible to receive Medicaid; 3) reductions in provider reimbursement rates; 4) a combination of fewer services, covered individuals and lower provider rates.

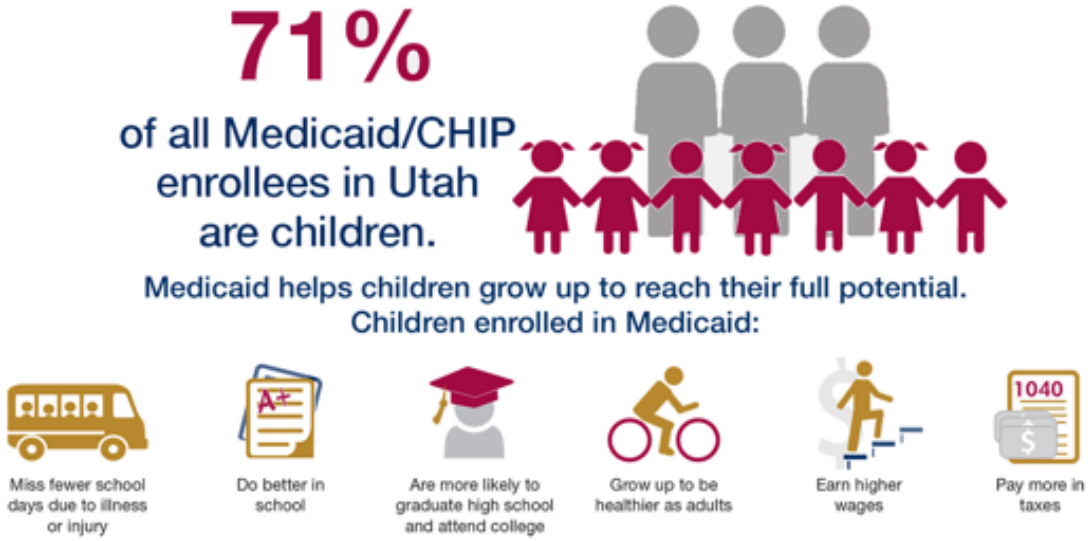
Medicaid and children's coverage in Utah

Phoca PDF

Published: Wednesday, 31 May 2017 08:00
Written by: Questions?

Medicaid was created in 1965 with a funding structure guaranteed to cover and provide benefits for all who qualify. For over fifty years, Medicaid has provided high quality health coverage to children, adults, seniors and people with disabilities. The financing structure allows states to respond to changing demographics or population need, economic downturns, natural disasters, epidemics and the development of new medical treatments or drugs.

Today over 200,000 children rely on Medicaid coverage in Utah, including children with special health care needs. Overall, the majority of Utah Medicaid enrollees are children (63%). In comparison, the Children's Health Insurance Program



rs approximately 20,000 children; the Utah Marketplace enrolled 40,000 children in 2016. Medicaid is the largest source of children's coverage in the state, after employer-sponsored insurance. Utah is currently experiencing a historic low for uninsured children, due to the combined effect of Medicaid, CHIP and the Marketplace.

(CHIP) cove

Research shows that Medicaid improves children's outcomes later in life. When children are healthy, they are less likely to miss school due to an illness or chronic condition. Decades of research on the Medicaid program shows that Medicaid not only helps children stay healthy, but also leads to better educational attainment and less reliance on government support later in life.[3]

Phoca PDF

Implications of a per capita cap in Utah

Utah's spending per Medicaid enrollee is lower than the national average, putting Utah at an even greater risk under a per capita cap. Utah's funding cap would begin at a lower base than states with higher costs. This base amount would limit Utah's ability to expand or change its Medicaid program. For example, if Utah wished to increase provider payments, there would be less flexibility to do so without increasing state costs, while states that begin with a higher base would be able to pay their providers more.

In addition, if the composition of disabled enrollees or children with special health care needs increased in Utah, the Medicaid program would be unable to respond to changing demographic need without incurring higher state costs. Utah has recently embarked on a statewide effort to identify more children at risk of a developmental delay. By expanding identification and screening efforts, more children can get early treatment and intervention for developmental delays. Early intervention can help children get back on track, or prevent a developmental delay from escalating. However, under a cap, Utah would not be able to treat more children identified as having a developmental delay, without eliminating other Medicaid services, or covering fewer people.

Utah state spending per enrollee is lower than the national, FY 2013[4]		
	All Enrollees	Aged
Nation	$7,766	$19,912
Utah	$7,365	$15,346

Going Forward

Reduced federal funding would limit services, benefits, and put children's health at risk. Current Medicaid beneficiaries, including children, are at risk of losing their health insurance. The nonpartisan Congressional Budget Office estimated that 23 million more Americans would lose their health insurance over the next 10 years, under the AHCA. By shifting financial risk to the state, the AHCA's proposed per capita caps create more hurdles and barriers for Utah's health care safety net.

Phoca PDF

Published: Wednesday, 31 May 2017 08:00
Written by: Questions?

Congressional health care proposals that propose a radical restructuring to the Medicaid program would leave Utah with a major budget shortfall, while hurting Utah children and families.

Report in PDF format: Medicaid Per Capita Caps Significantly Reduce Funding Available for Children in Utah

---

[1]Avalare. May 2017. Per Capita Caps Could Reduce Funding For Children Covered By Medicaid: http://avalere.com/expertise/managed-care/insights/per-capita-caps-could-reduce-funding-for-children-covered-by-medicaid

[2]Voices for Utah Children. March 2017. Under the ACA Repeal Bill, Utah Stands to Lose Millions Over a Ten-Year Period: http://utahchildren.org/newsroom/publications/item/818-under-the-aca-repeal-bill-utah-medicaid-stands-to-lose-millions-over-a-10-year-period

[3]See “The Role of Public Insurance in Reducing Poverty” https://www.ncbi.nlm.nih.gov/pubmed/27044710

[4]Georgetown Center on Children and Families: Implications of Capping Medicaid

---

For 30 years now, Voices for Utah Children has called on our state, federal and local leaders to put children’s needs first. But the work is not done. The children of 30 years ago now have children of their own. Too many of these children are growing up in poverty, without access to healthcare or quality educational opportunities.

How can you be involved?

Make a tax-deductible donation to Voices for Utah Children—or join our Network with a monthly donation of $20 or more. Network membership includes complimentary admission to Network events with food, socializing, and opportunity to meet child advocacy experts. And don't forget to join our listserv to stay informed!

Phoca PDF

We look forward to the future of Voices for Utah Children and we hope you will be a part of our next 30 years.

Special thanks to American Express, our "Making a Difference All Year Long"

sponsor. ®

Phoca PDF