



Debunking the Myths in House Memorial 7033, An Unjustified Requiem for Medicaid

House Memorial (HM) 7033, which urges Congress to establish Medicaid block grants, includes multiple misstatements about the Medicaid program. Floridians deserve a thoughtful, fact-based Medicaid policy discussion before the Legislature acts to fundamentally change a program that provides a lifeline for 4 million Floridians.

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The Florida House just passed HM 7033, entitled “A memorial to the Congress of the United States, urging Congress to establish Medicaid block grants.”

In lawmaker language, memorials are used to voice concerns and opinions to the U.S. Congress. But for the rest of us, it’s a word connected to a funeral. That seems to be an appropriate description of the motivation behind this effort, a desire to end Medicaid as we know it. The program is a lifeline for 4 million Florida children, pregnant women, persons with disabilities and seniors.

The memorial recites multiple misleading and inaccurate assertions about Medicaid. Let’s unpack these statements and debunk the myths:

Memorial Assertion: The Medicaid program costs \$25.8 billion - 31 percent of the state budget.

Reality: While this statement is true, it’s misleading. In fact, \$15.7 billion, 61 percent of Florida’s total Medicaid budget, is funded through federal dollars. It is the largest source of federal funding for the state.

The reality is that the state’s Medicaid budget will be severely squeezed under the pending U.S. House health plan proposal to cap federal Medicaid funding. Projections are that under this plan, \$116 billion of new costs will be shifted to the states over a 10-year period. (This is in addition to a shift of \$253 billion due to cuts in Medicaid expansion states).¹ This growing dent in Florida’s federal Medicaid share will box in legislators to the following difficult policy choices:

find state revenues to fill in the hole, or more likely, make cuts to eligibility, services or provider reimbursements.

Memorial Assertion: Nationally, Medicaid enrollment accounted for the largest increase of enrollment under the ACA.

Reality: The assertion is true on a national level, **but not true for Florida.**

The national increase was due to 31 states and D.C. expanding their Medicaid programs to provide coverage to millions of previously uninsured. The 19 states that failed to expand Medicaid, including Florida, have uninsured rates significantly exceeding the national average. (13.3 percent in Florida vs. 9.4 percent nationally.)

But notably, looking at the other side of the Affordable Care Act (ACA) equation, the largest increase nationally in private insurance enrollment through the federal marketplace has taken place in Florida with 1.8 million enrollees.

Memorial Assertion: Medicaid is a stigmatizing welfare program.

Reality: This is an undeserved stereotype. How can it be a “disgrace” (the definition of stigma) to be covered by Medicaid? Medicaid covers 4 million Floridians and over 70 million individuals throughout the country. It’s highly likely that your family, friends or neighbors – mainly children, persons with disabilities and seniors – depend on Medicaid for quality health care and survival. These are:

- Retired taxpayers needing nursing home or in-home care (not covered by Medicare) who have already spent their life savings for this care. Medicaid covers 61 percent of Florida nursing home days.²
- Pregnant women needing prenatal care to ensure the delivery of healthy babies. (Medicaid covers 63 percent of Florida deliveries.³)
- Abused and neglected children with intense physical and mental health needs who would otherwise be uninsured. (Medicaid covers over 61,000 of these Florida children.⁴)

Memorial Assertion: Medicaid achieves poor quality outcomes.

Reality: Research shows that people with Medicaid can see a doctor when they need one and get care more easily than uninsured individuals, and that their access to care is on par with those covered by employer-sponsored insurance.⁵ Across the country, most Medicaid enrollees report being satisfied with their health care and they have health outcomes comparable to, or better than, the privately insured.⁶ Florida’s own Medicaid agency – the Agency for Health Care Administration – recently released a “snapshot” of Medicaid managed care asserting that Medicaid quality of care is “reaching record levels and consumer satisfaction is high.”⁷

Memorial Assertion: Medicaid is a federally-prescribed complex system of eligibility, financing and service delivery models, subject to extensive, complicated, prescriptive and outdated federal laws and regulations.

Reality: Medicaid is a *partnership* between the states and federal government. Although federal law prescribes broad parameters for administration of the program, states have multiple options for tailoring their programs to meet their residents' needs and state budgets. (That is why there are 50 different Medicaid programs.) States have options around the delivery of services (such as managed care models), provider reimbursements, eligibility groups and services covered.⁸ During its 50-year history, Medicaid laws have been repeatedly amended and updated to accommodate states' needs and reflect changes in the health care landscape.

Memorial Assertion: Opportunities for innovation and modernization are limited.

Reality: States already have substantial flexibility to design, innovate and modernize their Medicaid programs, including how care is paid for and delivered. For example, new options are available under the ACA that allow states to establish "health homes," providing intensive care coordination to beneficiaries who make frequent visits to the emergency room.⁹ Additionally, for over a decade, pursuant to the direction and oversight of the Legislature, Florida has received broad federal authorization under a demonstration waiver to implement its statewide Medicaid managed care program. Through this program, the state has been a leader in innovative policy choices that have subsequently been adopted by the federal government in national Medicaid managed care standards.

Memorial Assertion: The current financing model encourages states to shift state spending into the Medicaid program, so states gain little benefit from efficiency and bear little risk for wasteful expenditures.

Reality: Which part of the Florida Medicaid program does the Legislature consider wasteful? Dollars used to reduce the number of uninsured children? To provide pre-natal care to pregnant women? To provide in-home services to persons with disabilities so they can stay out of nursing homes?

The truth is that Florida leaders recognize the extraordinary benefits that Medicaid provides to Floridians and the state budget. Case in point: a recent legislative "revenue maximization" report describes multiple ways in which state dollars can be leveraged to draw down federal Medicaid funding for improving Florida's mental health service delivery system.¹⁰

Medicaid already has a much lower rate of growth and lower administrative costs compared to the private health insurance sector.¹¹ Employer based insurance spending is 28 percent higher and beneficiary out of pocket costs are more than three times higher.¹² Florida's per capita enrollee spending is nearly the lowest in the country. Florida has an extremely lean Medicaid program and the Legislature will be hard pressed to find any fat.

Memorial Assertion: A reasonable, predictable funding mechanism that does not incentivize state spending increases will force states to make more rational, efficient spending choices, naturally reducing the rate of cost growth.

Reality: Converting from the current Medicaid financing scheme with open ended federal funding to block grants or per capita caps will trigger substantially more unpredictability. Capped funding will hamstring state leaders trying to meeting the challenges of a growing elderly population and unanticipated health care costs arising from epidemics, such as Zika, the opioid crisis, natural disasters or new life-saving health innovations. Historically, federal block grants have not kept pace with population growth, inflation or market rate increases. The only thing predictable with capped funding is a steady decline year after year in federal funding, likely resulting in cuts to the program. These decisions will have life-altering consequences for the most vulnerable Floridians.

Memorial Assertion: Granting states complete flexibility will help states transform the Medicaid program.

Reality: “Complete flexibility” is code for giving states license to gut the guarantees of Medicaid coverage existing under current law. These guarantees include a benefit package tailored to meet the unique needs of children, limitations on what families can be charged for services, and required coverage of certain mandatory services, such as physician visits and hospitalizations.

Rather than rehashing baseless disparagements of the Medicaid program, Florida leaders need to engage in an evidence-based, thoughtful policy debate before choosing to go down a dangerous Medicaid “death-spiral” path.

¹ Park, Edwin, Aron-Dine, Aviva, Broaddus, Matt, House Republican Health Plan Shifts \$370 Billion in Medicaid Costs to States, Center on Budget and Policy Priorities, 2017. Accessed via: <http://www.cbpp.org/research/health/house-republican-health-plan-shifts-370-billion-in-medicaid-costs-to-states>

² Florida Medicaid, Florida Agency for Health Care Administration Presentation to the Senate Health and Human Services Committee, 2017, p. 2. Accessed via: http://www.fdhc.state.fl.us/Medicaid/recent_presentations/index.shtml

³ Supra.

⁴ Office of Economic and Demographic Research, Executive Summary for Caseloads and Expenditures, 2016, p. 1. Accessed via: <http://edr.state.fl.us/Content/conferences/medicaid/index.cfm>

⁵ Cooper, Elizabeth, Debunking Medicaid Critics: Facts on Health Care Quality and Access, 2015. Accessed via: <http://familiesusa.org/blog/2015/05/debunking-medicaid-critics-facts-health-care-quality-and-access>

⁶ Paradise, Julia, Garfield Rachel, What is Medicaid’s Impact on Access to Health Care, Health Outcomes and Quality of Care? Setting the Record Straight, The Kaiser Commission on Medicaid and the Uninsured, 2013, pp. 4,6,8,10. Accessed via: <http://kff.org/report-section/what-is-medicaid-imp-act-on-access-to-care-health-outcomes-and-quality-of-care-setting-the-record-straight-on-the-evidence-issue-brief/>

⁷ A Snapshot of the Florida Statewide Medicaid Managed Care Program, Florida Agency for Health Care Administration. Accessed via: https://ahca.myflorida.com/.../SMMC_Quality_and_Performance_Snapshot.pdf

⁸ Solomon, Judy, Caps On Federal Medicaid Funding Would Give States Flexibility to Cut, Stymie Innovation, 2017, pp. 1-2. Accessed via: <http://www.cbpp.org/research/health/caps-on-federal-medicaid-funding-would-give-states-flexibility-to-cut-stymie>

⁹ Supra, p. 2; Health Homes, Medicaid.gov, Keeping America Healthy. Accessed via: <https://www.medicaid.gov/medicaid/ltss/health-homes/index.html>

¹⁰ Behavioral Health Services Revenue Maximization Plan, Report to the Florida Legislature, December 31, 2016, pp. 3-4

¹¹ Clemons-Cope, Holahan, John, Garfield, Rachel, Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence, 2016. Accessed via: <http://kff.org/report-section/medicaid-spending-growth-compared-to-other-payers-issue-brief/>

¹² Coughlin, T.A., Long, S.K., Clemons-Cope, L., Resnick, D. What Difference Does Medicaid Make? Assessing Cost-Effectiveness, Access and Financial Protection Under Medicaid for Low Income Adults, 2013, p. 7. Accessed via: <http://www.urban.org/research/publication/what-difference-does-medicaid-make-assessing-cost-effectiveness-access-and-financial-protection-under-medicaid-low-income-adults>