



Code Red for Medicaid: What the House Proposal Means for Florida

The U.S. House proposal radically restructures and cuts federal funding for the Medicaid program. Florida would bear the brunt of one of the biggest costs shifts from the federal government to the state at the same time that expenditures are projected to exceed incoming revenue. And the health of already struggling Floridians will suffer.

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House leaders recently released the outline of a plan to repeal and replace the Affordable Care Act (ACA).¹ But the plan goes alarmingly far beyond this charge.

It includes a radical cut and restructuring of the Medicaid program through per capita caps. This would terminate open-ended federal Medicaid funding for states. The program, which has dependably taken care of the most vulnerable Floridians for nearly 50 years, will cease to exist.

Capped funding will inevitably translate into deep cuts to the Medicaid program, slashing coverage for seniors, people with disabilities, families and children.

The Medicaid program covers approximately 4 million Floridians – 20 percent of the total population. Beneficiaries include over 2 million children (47 percent of all Florida children), and 1.7 million adults - seniors, persons with disabilities, pregnant women and very low income parents. Program services include 63 percent of all babies delivered in the state as well as 61 percent of all nursing home days.² The blanket of Medicaid coverage for Floridians is wide and crucial for their health and safety.

Under the proposed House plan, Florida would be on the short end of the one of the biggest costs shifts from the federal government to the state. Medicaid is the state's number one source of federal funding.³ Federal dollars currently cover 61 cents of every state dollar spent on the program. ⁴ A majority of the funding (57 percent) covers persons with disabilities and seniors. The largest group of beneficiaries, children, consume only 27 percent of the Florida Medicaid budget.

A Medicaid cap or block grant would blow a huge hole in Florida's budget. It is highly unlikely that the Governor or Florida Legislature would choose to fill that hole by cutting other state

priorities such as education or transportation – or by raising taxes. Whether through a block grant or per capita caps, it's just another way of putting the state on an inevitable path of deep cuts to the Medicaid program.

Adding to the “perfect storm” are Florida’s unique demographics. Consider these facts: Florida is one of the fastest growing states in the country. Since the 2010 census we have gained 1.4 million additional residents, including more families living in poverty.^{5,6} Our population continues to grow at a projected average rate of 320,871 net new residents per year.⁷ Florida’s older population (age 60 and older) will account for most of Florida’s population growth.⁸

Florida already has the largest percentage of elderly residents in the nation.

The House’s proposed new funding scheme would also have particularly draconian consequences in Florida due to historical policy choices- Florida Medicaid is already one of the “leanest” programs in the country. Our annual per person Medicaid expenditure rate is in the bottom five states.⁹

Per capita caps, the capped funding option promoted by Governor Scott, would lock in unsustainable funding levels that would diminish year after year. The pitfalls of per capita cap funding are already well documented.¹⁰ Caps are intentionally set below expected spending levels. Based on the House budget resolution passed in 2016, overall federal Medicaid spending would be reduced by 41 percent over the next decade.¹¹ The indisputable “math” of per capita caps would result in declining resources to address Florida’s increasing needs.

Medicaid’s current funding structure gives the state flexibility to respond to unanticipated costs arising from public health emergencies (e.g., Zika, other new viruses,¹² opioid addiction, HIV/AIDS) or new advances in medical care (e.g., life-saving Hepatitis C treatments). If Medicaid investments are made on the front end to promptly address these unexpected developments, it can save substantial state dollars in the long run. However, this flexibility would end under capped federal Medicaid funding.

Instead, under the House’s proposal, the state would have new “flexibility” to make deep cuts to the program wherever they choose. Essentially, the federal government would rip away the “blanket” of Medicaid coverage it has provided to our state residents and replace it with a handkerchief.

With an ever-shrinking Medicaid pie, Florida legislators would face gut-wrenching choices about how to cut their constituents’ Medicaid benefits. ***So, who and what to cut?***

- Do we roll back children’s Medicaid eligibility, inevitably reversing the historic progress made to reduce the number of uninsured Florida children? ¹³
- Eliminate essential coverage for medically necessary preventive and treatment services for children, such as behavioral therapies for children with autism? ¹⁴

- Eliminate Florida’s already inadequate coverage for low-income parents, currently just covering parents below 34 percent of the poverty level (or slightly more than \$8,000 for a family of four),¹⁵ leaving them completely vulnerable to preventable and treatable serious illnesses and their children at greater risk of foster care?
- End coverage for pregnant women - reversing previous wise policy choices recognizing the extraordinary public health and fiscal benefits of providing this coverage?¹⁶
- Roll back Medicaid for seniors and persons with disabilities? Florida’s current program still doesn’t cover thousands of these vulnerable Floridians living below poverty level. Will Florida leaders be forced to drop the income eligibility bar even lower?
- Reduce in-home services essential to keeping sick and chronically ill Floridians in their own homes and out of nursing homes? Florida already has thousands of people on waiting lists needing these services.¹⁷

Even Governor Scott anticipates the dilemma of these challenging political choices. Remarkably, he is requesting from the federal government an increased Medicaid federal match (90 percent) for “vulnerable populations”¹⁸ – a cruel irony since he already passed up an even better deal for the state (and more than 500,000 uninsured Floridians) when he rejected Medicaid expansion. Notably, there is no such 90 percent match component in the House plan.

The House plan would be a giant step backwards in reaching the goal of a healthy and prosperous Florida. Instead, the proposal is all about saving the federal government money. It’s smoke and mirrors to frame it any other way.

¹ ObamaCare Repeal and Replace, [Policy Brief and Resources](#), 2017. Accessed via <https://www.nytimes.com/interactive/2017/02/16/us/politics/document-The-New-Obamacare-Replacement-Template.html>

² Florida Agency for Health Care Administration. Florida Medicaid 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

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- ⁴ Florida Agency for Health Care Administration Presentation to the Senate Health and Human Services Committee, 2017, p. 2 & 9. Accessed via http://www.fdhc.state.fl.us/Medicaid/recent_presentations/index.shtml
- ⁵ Florida Population and Components of Change, The Florida Legislature Office of Economic and Demographic Research, 2017. Accessed via: <http://edr.state.fl.us/Content/conferences/population/ComponentsofChange.pdf>
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- ⁷ Demographic Estimating Conference, Executive Summary, February 13, 2017, The Florida Legislature Office of Economic and Demographic Research, 2017. Accessed via <http://edr.state.fl.us/content/conferences/population/demographicsummary.pdf>
- ⁸ Florida's Population 2017- Volume 1, p. 3, The Florida Legislature Office of Economic and Demographic Research, 2017. Accessed via: <http://edr.state.fl.us/Content/population-demographics/reports/econographicnews-2017v1.pdf>
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