March 3, 2017

The Honorable Mitch McConnell
Leader, U.S. Senate
Washington, DC 20510

The Honorable Paul Ryan
Speaker, U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader, U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader, U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

The undersigned organizations share a commitment to advancing the health and economic security of older adults, people with disabilities, and their families. We are writing to urge you to reject proposals to make radical structural changes to Medicaid – by providing federal funding to the states through block grants or per capita caps. These proposals are designed to reduce federal support to state Medicaid programs, not to better serve Americans who rely on Medicaid to access health and long-term care. Medicaid block grants or per capita caps would impose rigid limits on the amount of federal money available to states for Medicaid, endangering the health and well-being of older adults, people with disabilities, and their families.

Medicaid is a joint federal and state financed program that supports older adults and individuals with disabilities of all ages by paying for their health care, long-term services and supports (LTSS), and by providing essential federal protections for Medicare beneficiaries with low-incomes and assets. The program is a lifeline for older adults, covering more than one in seven (6 million) older Americans in 2015. These are individuals who cannot afford insurance through the private market in any meaningful sense to match their needs. Medicaid coverage is particularly important for older adults and people with disabilities who need services not covered by Medicare, who cannot afford Medicare premiums and cost-sharing, who require mental health care or substance abuse treatment,[1] and who live in rural communities.[2]

Medicaid also acts as a cornerstone of state economies. By covering health care services for individuals who could not otherwise afford them, Medicaid provides income and jobs to hospitals, private physicians and other health care providers. Today, Medicaid pays for approximately 61 percent of all LTSS expenditures,[3] including services in nursing facilities, in various community settings, including assisted living residences and adult foster homes, and in the home. Medicaid also already provides expansive flexibility to states to innovate and deliver care more effectively in ways that improve quality of care while lowering costs.

Proposals to cap Medicaid funding to states, either through block grants or per capita caps, are actually cuts to Medicaid. These proposals would harm older adults and people with disabilities. Under the current structure, the

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[1] *See* Han et. al, *Addiction*, "Substance use disorder among older adults in the United States in 2020" available at: "Substance use disorder among older adults in the United States in 2020" available at, http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.846.1985&rep=rep1&type=pdf

[2] *See* Rural Health Information Hub, "Medicaid and Rural Health" available at https://www.ruralhealthinfo.org/topics/medicaid. See also Vann Newkirk & Anthony Damico, Kaiser Family Foundation "The Affordable Care Act and Insurance Coverage in Rural Areas," available at http://kff.org/uninsured/issue-brief/the-affordable-care-act-and-insurance-coverage-in-rural-areas/

[3] *See*, O'Shaughnessy, Carol V., *National Health Policy Forum*, "National Spending for Long-Term Services and Supports (LTSS), 2012," available at, http://nhpf.org/library/details.cfm/2783

federal government pays a fixed share of states' Medicaid costs, averaging over 60 percent.[4] Under a block grant, the federal government would pay its share of a state's Medicaid costs only up to an overall fixed amount. Under a per capita cap, the federal government would instead pay its share of a state's Medicaid costs only up to a fixed amount per beneficiary. The state would be responsible for all costs above the block grant or per capita cap. Unlike the current Medicaid structure, a state experiencing higher than usual enrollment and/or Medicaid spending per enrollee (reflecting changes in a state's demographics, economy, medical needs, or the introduction of new, lifesaving breakthroughs, for example) would no longer receive matching federal funds above its block grant or cap.

To realize significant federal savings, the cap for each state would have to be set below projected costs. This is usually accomplished by growing the cap amounts for each state at a slower rate than what is currently projected, resulting in the federal funding cuts growing larger each year. Any cap and limited growth rate designed to slow Medicaid funding would also lead to greater cuts than initially projected. Medical costs are unpredictable, reflecting new demand and innovations. If national medical costs rise faster than projected, states would be forced to make further cuts to Medicaid coverage for their residents, leading states to scale back benefits, impose waiting lists, implement unaffordable financial obligations, or otherwise restrict access to needed care for older adults and people with disabilities. Additionally, a decrease in available funds means that states would not be able to provide the upfront investments and incentives needed to help providers transform their practices to provide more integrated services and better care coordination, and lower long term health care costs.

Capping Medicaid funding for the over 10 million older adults and people with disabilities who qualify for Medicaid and are also enrolled in Medicare – also known as dual eligibles – would be particularly problematic. Doing so would create new incentives for states and providers to shift costs to Medicare and would disincentivize state investments that save Medicare money by preventing avoidable hospitalizations, nursing home stays and more.

Medicaid is already a lean program, with spending per beneficiary considerably lower than private insurance and growth in spending per beneficiary slower than private insurance (and expected to continue to grow more slowly in coming years). Therefore, the caps would increasingly force states to cut services and eligibility for everyone who relies on Medicaid. Simultaneously, numerous federal protections, in place for 30 years, and in some cases more than 50 years, could evaporate under a block grant or per capita cap, because states would likely receive federal monies with relatively few requirements. Block grants and per capita caps are nothing more than cuts to Medicaid, reducing the dollars flowing to the states, rationing access to needed care, and threatening job opportunities and growth. These proposals are not focused on improving the Medicaid program, but instead put reducing federal spending over families' needs. Therefore, we urge you to reject these structural changes to this vital safety net program.

Sincerely,

AARP
ACCSES
Aging Life Care Association
Alliance for Aging Research
Alliance for Retired Americans
American Association of People with Disabilities

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[4] *See*, Park, Edwin, Center on Budget and Policy Priorities, "Medicaid Per Capita Cap Would Shift Costs to States and Harm Beneficiaries" available at: *http://www.cbpp.org/blog/medicaid-per-capita-cap-would-shift-costs-to-states-and-harm-beneficiaries*

American Association on Health and Disability
American Dance Therapy Association
American Federation of State, County & Municipal Employees (AFSCME)
American Federation of Teachers, AFL-CIO
American Foundation for the Blind (AFB)
American Geriatrics Society
American Music Therapy Association
American Psychological Association
American Society of Consultant Pharmacists
American Society on Aging
American Speech-Language-Hearing Association (ASHA)
Answer ALS Foundation
Assistive Technology Law Center
Association For Gerontology and Human Development in Historically Black Colleges and Universities (AGHDHBCU)
Association of Asian Pacific Community Health Organizations (AAPCHO)
Association of Assistive Technology Act Programs (ATAP)
Association of Jewish Aging Services
Association of State & Territorial Dental Directors (ASTDD)
Association of University Centers on Disabilities (AUCD)
Autistic Self Advocacy Network (ASAN)
B'nai B'rith International
Brain Injury Association of America
Caring Across Generations
Center for Elder Care and Advanced Illness, Altarum Institute
Center for Medicare Advocacy
Center for Public Representation
Christopher & Dana Reeve Foundation
Coalition on Human Needs
Community Catalyst
Consumer Health First
Consumers Union
Disability Rights Education and Defense Fund
Division for Early Childhood of the Council for Exceptional Children (DEC)
Easterseals
Epilepsy Foundation
Families USA
HIV Medicine Association
The Jewish Federations of North America
Justice in Aging
Lakeshore Foundation
LeadingAge
Learning Disabilities Association of America
Legal Council for Health Justice
Lutheran Services in America
Lutheran Services in America Disability Network
Medicare Rights Center
MomsRising
MoveOn.org, Civic Action
National Active and Retired Federal Employees Association (NARFE)
National Adult Day Services Association (NADSA)

National Alliance for Caregiving
National Alliance of State & Territorial AIDS Directors (NASTAD)
National Alliance on Mental Illness
National Association of Area Agencies on Aging (n4a)
National Association of State Head Injury Administrators
National Association of Nutrition and Aging Services Programs (NANASP)
National Association of Social Workers (NASW)
National Association of State Long-Term Care Ombudsman Programs
National Center for Learning Disabilities
National Center for Transgender Equality
National Committee to Preserve Social Security and Medicare (NCPSSM)
National Council on Aging (NCOA)
National Disability Institute
National Disability Rights Network
National Down Syndrome Congress
National Health Care for the Homeless Council
National Health Law Program
National Hispanic Council on Aging (NHCOA)
National Hispanic Medical Association
National Immigration Law Center
National Multiple Sclerosis Society
National Partnership for Women & Families
National Viral Hepatitis Roundtable
National Women's Health Network
Oral Health America
Paraprofessional Healthcare Institute (PHI)
Parent to Parent USA
Public Citizen
Raising Women's Voices for the Health Care We Need
Sargent Shriver National Center on Poverty Law
Service Employees International Union (SEIU)
Social Security Works
Special Needs Alliance
TASH
Team Gleason
The AIDS Institute
The American Association of Public Health Dentistry
The Arc of the United States
The Gerontological Society of America
The National Alliance to Advance Adolescent Health
The National Consumer Voice for Quality Long-Term Care
United Spinal Association
United States Society for Augmentative and Alternative Communication (USSAAC)
Women's Institute for a Secure Retirement (WISER)

CC: The Honorable Orrin Hatch, Chairman, Committee on Finance
The Honorable Ron Wyden, Ranking Member, Committee on Finance
The Honorable Lamar Alexander, Chairman, Committee on Health, Education, Labor & Pensions
The Honorable Patty Murray, Ranking Member, Committee on Health, Education, Labor & Pensions

The Honorable Susan Collins, Chairman, Senate Special Committee on Aging
The Honorable Bob Casey, Ranking Member, Senate Special Committee on Aging
The Honorable Kevin Brady, Chairman, Committee on Ways & Means
The Honorable Richard Neal, Ranking Member, Committee on Ways & Means
The Honorable Greg Walden, Chairman, Committee on Energy & Commerce
The Honorable Frank Pallone, Ranking Member, Committee on Energy & Commerce