

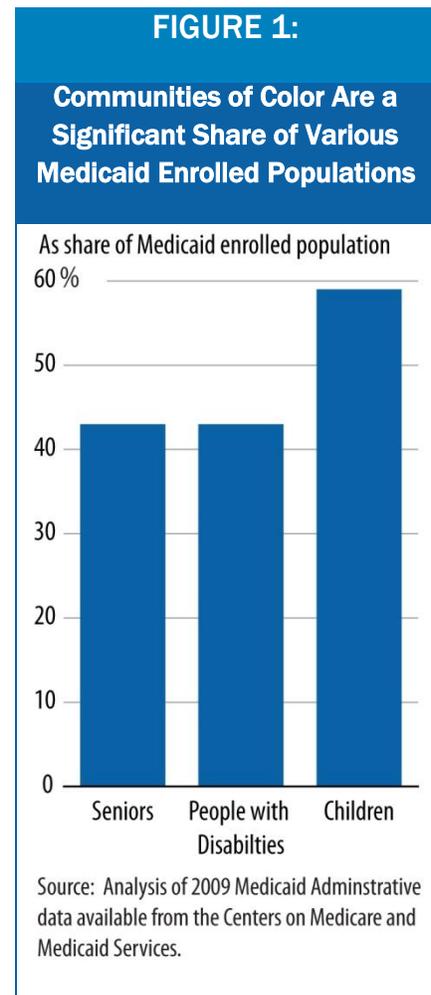
Ryan Proposal to Block Grant Medicaid Would Disproportionately Impact Communities of Color

House Budget Committee Chairman Paul Ryan’s budget plan, which the House passed on April 15, 2011, would dramatically restructure Medicaid by converting it to a block grant and sharply cutting the program’s funding. According to the Congressional Budget Office, the Ryan budget would reduce federal funding by 35 percent in 2022 and by 49 percent in 2030, compared to what the funding would otherwise be. This would almost certainly affect tens of millions of low-income Medicaid beneficiaries adversely over time. The impact on communities of color would be disproportionately severe since they comprise 56 percent of the Medicaid population.

To compensate for the steep reductions in federal funding, states would either have to contribute far more in funds, or, as is more likely, exercise the new flexibility under the block grant to cap enrollment, substantially scale back eligibility, and curtail benefits for seniors, people with disabilities, children, and other low-income Americans who rely on Medicaid for their health care coverage. This, in turn, would put at communities of color at serious risk.

The following examples cite how different groups could be affected:

- Seniors:** An overwhelming majority of Medicare beneficiaries who live in nursing homes rely on Medicaid for their nursing home coverage. Because the Ryan plan would require such deep cuts in federal Medicaid funding, it would inevitably result in less coverage for nursing home residents and shift more of the cost of nursing home care to elderly beneficiaries and their families. A sharp reduction in the quality of nursing home care would be virtually inevitable, due to the large reduction that would occur in the resources made available to pay for such care. *Communities of color make up roughly 43 percent of the elderly Medicaid population, with Blacks comprising 17 percent, Asians 7 percent, and Hispanics 10 percent, respectively.*
- People with disabilities:** These individuals constitute 15 percent of Medicaid beneficiaries but account for 42 percent of all Medicaid expenditures, mostly because of their extensive health and long-term care needs. Capping federal Medicaid funding would place significant financial pressure on states to scale back eligibility and coverage for this high-cost population, many of whom would be unable to obtain coverage elsewhere because of their medical conditions. *Communities of color make up approximately 43 percent of the*



Medicaid population with disabilities, with Blacks comprising 29 percent, Asians 2 percent, and Hispanics 7 percent, respectively.

- **Children:** Currently, state Medicaid programs must provide children with health care services and treatments they need for their healthy development through the Early Periodic Screening, Diagnostic and Treatment (EPSDT) aspect of Medicaid, which provides regular preventive care for children and all follow-up diagnostic and treatment services that children are found to need. A block grant would likely permit states to drop EPSDT coverage, meaning that children, particularly those with special health care needs, would not be able to access some care that medical professionals find they need (because Medicaid would no longer cover certain health services and treatments for children, and their parents wouldn't be able to afford to pay for that care on their own). *Some 59 percent of children enrolled in Medicaid represent communities of color, with Blacks comprising 26 percent, Asians 3 percent, and Hispanics 22 percent, respectively.*
- **Working parents and pregnant women:** Many state Medicaid programs already have extremely restrictive eligibility criteria for parents. In the typical state, working parents are *ineligible* for Medicaid if their income exceeds *64 percent* of the poverty line (or \$14,304 a year for a family of four), and unemployed parents are ineligible if their income exceeds *37 percent* of the poverty line (\$8,270 a year for a family of four). Under a block grant, states could cut these already low eligibility levels even further, cap enrollments, and/or require low-income parents to pay more for health services. States could do the same for low-income pregnant women who rely on Medicaid for their prenatal care, resulting in them forgoing services that are critical to ensuring a healthy pregnancy. *Communities of color represent a 61 percent share of the adult (parents and pregnant women) Medicaid population, with Blacks comprising 20 percent, Asians 5 percent, and Hispanics 28 percent, respectively.*

Transforming Medicaid from a program that guarantees coverage to eligible individuals into a block grant, as the Ryan plan does, would have adverse consequences for millions of low-income Americans, which, given the intersection of race and poverty, tend to be communities of color. Despite the promise of greater state flexibility, already fiscally strapped states would be forced to address how to distribute the cuts among the various vulnerable groups that the program serves.

The beneficiaries whom Medicaid serves — low-income seniors, people with disabilities, children, parents, and pregnant women — could lose coverage, have their benefits substantially scaled back, face out-of-pocket costs they have difficulty affording, or be forced to obtain private insurance that likely would provide inadequate benefits and charge much higher premiums and cost-sharing. For many of these beneficiaries, the options under the Ryan plan would be to go uninsured or to be substantially underinsured and forgo needed care.

Source: Center on Budget and Policy Priorities' analysis of 2009 Medicaid administrative enrollment data available from the Medicaid Statistical Information Systems public database.

For more information, see Center on Budget and Policy Priorities, "Ryan Medicaid Block Grant Would Cause Severe Reductions in Health Care and Long-Term Care for Seniors, People with Disabilities, and Children," <http://www.cbpp.org/cms/index.cfm?fa=view&id=3483>