



Center for Public Policy Priorities

Congressional Budget Proposals Threaten Medicaid and the Safety Net: Contact Texas' U.S. Senators Now

Both the U.S. House and Senate budget proposals would cut Medicaid and CHIP funding for the states even more than the President's recent budget proposal.

- According to the Congressional Budget Office (CBO), the Administration's proposal would cut Medicaid and CHIP by \$7.6 billion over the next 5 years. The House Budget Committee's "Chairman's Mark" adopted on March 9 would reduce Medicaid and CHIP by at least \$15.1 billion over 5 years (and possibly as high as \$20 billion), and the Senate budget committee by at least \$14 billion over 5 years.
- Because the President's proposed Medicaid and CHIP cuts would grow from \$7.6-12 billion over 5 years to \$60 billion over 10 years, it is expected that the higher House and Senate 5-year cuts would likewise translate into 10-year reductions even greater than the Administration's.
- **Both the Senate and House are expected to take floor votes on these budget resolutions the week of March 14.**

Cuts to Medicaid Will Hurt State Economies and the Health Care System.

- Medicaid provides care to over 50 million people including low-income seniors, people with disabilities, children, and pregnant women. States already have great "flexibility" in how they run and fund Medicaid; 48 out of 50 states made cuts to Medicaid payments, benefits, or eligibility since 2000.
- While Medicaid costs are increasing, Medicaid is growing at a slower per capita rate than either Medicare or the private sector: Medicaid per capita costs over the last four years grew by 6.9%, compared to 12.6% for private health insurance. Medicaid spends 30% less per adult and 10% less per child than private health insurance.
- The real threat of these budget proposals is to weaken federal support for state health care spending, despite the fact that nearly half of what Medicaid spends is a direct result of what Congress has left out of Medicare: long term care, drug coverage (states must continue to pay for drugs for poor seniors even after the new Medicare benefit begins), eyeglasses, hearing aids, *et cetera*. More than 70% of Medicaid spending is on the 25% of beneficiaries who are aged or disabled.

- Neither Texas nor any other state can absorb the loss of the federal Medicaid partnership. Medicaid is by far the largest source of federal funding to states, making up 44% of federal funding, compared to education's 11% share and 9% for transportation. Real Medicaid reform must do more than simply slash spending, but must instead acknowledge Medicaid's role in the nation's health care and long term care systems, and make prudent sustainable changes that do more than simply shift the federal deficit to the states.
- The bipartisan National Governor's Association asked the President in December 2004 **not** to include Medicaid cuts or Medicaid "reform" in the 2006 budget process, "especially if it does nothing more than shift additional costs to states."
- As an alternative to pursuing deep Medicaid cuts in 2006, bipartisan legislation has been filed in the U.S. Senate (S. 338) calling for the creation of the Bipartisan Commission on Medicaid. The Commission would have one year to make recommendations to Congress, the President and the people on a comprehensive review of what is and is not working in Medicaid, and how to improve service delivery and quality in the most cost-effective way possible.

The Message

Urge Texas' Senators to:

1. Support S. 338, the Bipartisan Commission on Medicaid bill, and
2. Oppose the proposal for substantial and unspecified cuts to Medicaid, the medical safety net for the elderly poor, the disabled, and the working poor.

E-mail or phone calls are best, as U.S. mail to Washington is no longer delivered in a timely fashion due to security concerns.

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