



## Threats to Medicaid

### Our Position

The Alliance for Retired Americans strongly opposes any plans to cut Medicaid. The Republican Party is proposing to put health care at risk for 72 million Americans, including:

- 8.3 million older adults
- 9.1 million people with disabilities
- 31.5 million children

### What is Medicaid?

Medicaid was created in 1965 to help people with low incomes get health care. It is a partnership between the federal government and individual states. The federal government provides funds to states to provide health and long-term care to older adults and people with limited income and resources.

### How Medicaid Helps Older Americans

Medicaid funds are used to provide seniors and people with disabilities with a range of health care services including:

- **Long-Term Services and Supports (LTSS):** This helps 5.6 million older adults and people with disabilities live at home instead of in nursing facilities;
- **Home and Community-Based Services (HCBS):** Includes services like senior centers, adult daycare, skilled nursing, home-delivered meals, and transportation;
- **Nursing Home Care:** Medicaid covers 63% of nursing home costs; and
- **Medicare Help:** Medicaid helps low-income seniors pay their Medicare premiums, deductibles, and co-pays so they can afford health care.

Without Medicaid, millions of seniors would lose access to the care they and their families need.

## Plans to Cut Medicaid

House Republicans passed a Budget Resolution that directs the House Committee on Energy and Commerce to cut nearly one trillion dollars over the next ten years while also cutting taxes for the wealthiest individuals and corporations.

Under the House Budget Resolution, the House Committee on Energy and Commerce, which has jurisdiction over Medicaid and Medicare, is responsible for cutting \$880 billion. The non-partisan Congressional Budget office says that it will be impossible to reduce costs that much without cuts to Medicare, Medicaid or the Children's Health Insurance Program.

Any cuts to federal Medicaid funding to states will trigger states to cut Medicaid services, limit benefits, or cut other state programs to fill the resulting budget gap.

Republican leaders have suggested various ways to cut Medicaid. The most prominent are:

- **Block Grants to States:** States would receive a lump sum of Medicaid funds with discretion on how to spend them. Block grants shift costs to states and would lead to deep cuts to Medicaid state funds since they place a cap on the amount of federal Medicaid funding that states receive, deeply straining state budgets and leaving tens of millions uninsured.
- **Per Capita Caps:** These caps set amounts paid to states on a per-beneficiary basis. Under these caps, Medicaid would no longer be an open-ended entitlement program, rather, states would receive a limited, fixed amount each year, along with more flexibility on how to spend it.
- **Reduce the Federal Medicaid Matching Rate:** This reduction would significantly cut federal funding to states, leaving a large hole in state budgets that they would have to fill either by increasing state funding, cutting back on who is eligible for Medicaid and the health care services provided, or both. The federal reduction would be hard for states to absorb because Medicaid is the largest federal source of funds in state budgets.
- **Reduce or Eliminate ACA Medicaid Expansion:** The Affordable Care Act allows states to expand Medicaid to adults earning up to 138% of the federal poverty line: about \$21,000 per year for an individual. The federal government pays for 90% of the cost for the 41 states including Washington, DC, that have expanded Medicaid, providing coverage to approximately 20 million people as of 2024.
- **Impose Work Requirements as a mandatory part of Medicaid enrollment and verification:** Work reporting requirements cost states money and do little to increase employment. Moreover, the majority of Medicaid beneficiaries already work. Past efforts to impose requirements that people work, volunteer or attend school or job training to receive benefits in Arkansas in 2017 led to 18,000 people losing coverage, mainly because of failure to comply with administrative hurdles or red tape, even if they were already working.