

# Medicaid Block Grants Could Hurt Wisconsin

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In a January 17 editorial [John Torinus](#) asserts that Medicaid block grants proposed by state and federal leaders could benefit Wisconsin. As the Protection and Advocacy agency in our state, that provides support to ensure the civil rights of Wisconsinites with the most significant disabilities, we beg to differ.

Wisconsin Medicaid programs provide life sustaining services for 1.1 million (1 in 5) Wisconsinites: seniors; children and adults with disabilities; and working families. Wisconsin has been a national leader in developing cost effective and innovative Medicaid programs, with bipartisan legislative support, and the leadership of Governors [Walker](#), [Doyle](#), and [Thompson](#).

Medicaid block grants sound like an attractive fiscal idea on the surface, but the far-reaching implications of this fundamental change to the program could literally tear down decades-long progress. Rather than assessing the benefits of this reform proposal, it is first important for Wisconsinites to consider what we have to lose.

## Medicaid is a partnership of the federal government and the states.

Medicaid represents \$1 out of every \$6 spent on health care in the US and is the major source of financing for states to provide coverage to meet health and long-term needs of low-income residents. Wisconsin draws down billions in

federal Medicaid funding enabling our limited state funds to go farther and serve more people; for most Medicaid programs the federal government pays 60 cents of every dollar. A block grant is clearly intended to reduce the federal investment in this program over time. Which begs the question in Wisconsin, how do we continue to support our residents as these dollars go away?

## What's Included in Wisconsin Medicaid?

The January 17 editorial requires one correction: Wisconsin's Medicaid program is not limited to BadgerCare, which provides health care coverage for low income children and adults. Wisconsin also offers other innovative and cost effective Medicaid programs which were developed by our policy makers and stakeholders.

These homegrown programs include Family Care and IRIS which provide long term supports for seniors and adults with physical or developmental disabilities; Children's Long-Term Support Waiver and the Katie Beckett Program for Wisconsin children with a significant disability or complex medical needs; Comprehensive Community Services (CCS) for children and adults who need ongoing services for a mental illness or substance use disorder, and more. These services are a lifeline for people with disabilities, seniors, and their families. They can determine whether a family member needs to quit their job to provide uncompensated care to a loved one. One argument for block grants is that they will encourage innovation. These diverse programs demonstrate that Wisconsin is already a leader in innovation and has been creative in using

federal waivers to make health and long-term care services more responsive to the needs of our residents.

### Who Benefits from Medicaid?

We all know people who benefit from Wisconsin's Medicaid programs. They are our neighbors, our families, ourselves:

- **People with Disabilities.** Thousands of Wisconsinites with disabilities depend upon Medicaid programs to remain healthy, live in their communities and stay out of costly institutions. For example, personal care services support many people with disabilities to get out of bed, get dressed, bathe and eat meals. Medicaid mental health programs provide rehabilitation services to support recovery and community living.
- **Children.** Half of Medicaid participants are children. Many are in low income families who rely on Medicaid for basic healthcare. In addition, more than 200,000 Wisconsin kids have a special health care need or disability, and may rely on Medicaid for long term supports and therapies.
- **Older adults.** Wisconsin's population is aging. In the next 25 years, the number of Wisconsin residents age 65+ will grow from 1 in 7 to **1 in 4**, increasing the need for Medicaid long term care services. Wisconsin has been a leader in developing community based long term care services, such as Family Care, which are more cost effective than institutional long term care.
- **The working poor.** BadgerCare provides health insurance for over 790,000 women, men and children, including families with children under age 19. Many have jobs that do not offer health insurance.

### What are the Risks for Wisconsin of Medicaid Block Grants?

- A "block grant" is a fixed amount of money that the federal government gives to a state for a specific purpose. Most block grant proposals start with significant reductions in federal Medicaid support; Congress's most recent proposal from 2016 would cut \$1 trillion from Medicaid or one third of the program over the next decade. If Wisconsin's costs exceed the block grant, our state will have to use state funds to make up the difference or cut services for low-income residents including children, seniors, and people with disabilities. As pointed out in the *Torinus Op Ed*, a block grant could mean "further bulge in Medicaid costs could end up in the laps of Wisconsin taxpayers".
- Block grants will diminish state flexibility to respond during economic downturns and as our population ages. When the economy slows, more Wisconsinites need access to Medicaid. As the number of seniors increases, need for Medicaid increases. With a fixed block grant, no additional federal support will be available to help states respond to increasing needs.
- Supporters of Medicaid block grants suggest they give states the flexibility to innovate. The "flexibility" of a block grant is likely to be deciding how to make up Medicaid funding shortfalls: which services to cut, which hospital or provider payments to cut, which taxes to raise, or which other programs to cut. Kicking people off Medicaid and stripping services available to recipients is not innovation.
- Block grants could mean growing wait lists for home and community based services and supports, such as Family Care. Waiting lists could quickly grow, and the only alternative may be institutional care. And under a block grant, even institutional care is at risk.

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### What are alternatives for sustaining Medicaid?

The disability community recognizes the importance of sustaining Medicaid funding and is eager to work with policy makers to optimize use of public funds. Options could include:

- Give states more flexibility to innovate through federal waivers.
- Reduce use of institutional settings and nursing homes, and increase supports so people can remain in their own homes.
- Improve care coordination for Medicaid participants with complex need who are high utilizers of care.
- Address social determinants of health: There are many non-medical barriers to good health, including housing, transportation, education, employment

and access to healthy foods. Initiatives undertaken by other states to address social determinants have been shown to reduce

health care costs. For example, a housing initiative in Oregon decreased Medicaid spending by 55% for the newly housed.

- Control administrative costs. Medicaid's actual spending per beneficiary has, on average, grown about 3 percentage points less each year than it has for those with private health insurance, [according to the Center on Budget and Policy Priorities](#) — a long-term trend that is projected to continue.

Wisconsin has made good use of Medicaid funds to provide access to healthcare and long-term care for over one million low income residents who are mostly children, parents and caretakers, and elderly, blind and disabled persons. These individuals are already asking important questions about Medicaid block grant proposals, like: Will my supports be reduced? Will my program go away? Will I have to quit my job to care for my loved one? Will I be put on a waiting list? We encourage people to contact their federal and state representatives now with these questions.

Our main question for lawmakers is: *Will Wisconsin be healthier under a Medicaid block grant? We think the answer is a resounding no.*

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