

file medicine
Medicaid

THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

THE UNITED STATES
The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage

Republican's Proposal: Reduce Medicaid Payments to States by 30 Percent in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20 percent over seven years and 30 percent in 2002. Even if states absorb half of the cuts by reducing services and provider payments, they would still have to eliminate coverage for 8.8 million people in 2002, according to the Urban Institute. Over 40 percent of all people losing coverage would be concentrated in five states: California, Florida, New York, Texas and North Carolina. The 8.8 million who lose coverage includes:

- 920,000 older Americans;
- 1.4 million people with disabilities; and
- 6.3 million children and their families.

The Republican proposal would force states to eliminate coverage for about 350,000 nursing home residents and another 330,000 people needing home care in 2002.*

Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 68 percent of the nation's 1.3 million nursing home residents. Medicaid also serves about 1.4 million older Americans and people with disabilities using home care. Without Medicaid, families could not afford nursing home care that costs an average of \$38,000 per year.

The Republican proposal would force states to eliminate coverage for 4.4 million children in 2002.* Currently, over 20 percent of the nation's children rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 18 million children.

States could avoid these difficult choices only by increasing their Medicaid spending by 40 percent in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

* U.S. Department of Health & Human Services estimates based on the Urban Institute data; numbers may not sum to totals due to rounding.

Methodology for the Medicaid State Estimates

The following describes the sources for the estimates in the September 14, 1995 White House Medicaid document.

Most of the estimates come from the July 1995 report by the Urban Institute entitled: "The Impact of the Budget Resolution Conference Agreement on Medicaid Expenditures" (July 1995). This report and supplemental analyses by the Urban Institute are the source for:

- Dollar and percent reduction in Federal Medicaid payments by state;
- Number of total people losing coverage, number of people in families, elderly, and disabled losing coverage under the proposal.

The estimates for the number of children and nursing home residents and home health users losing coverage were calculated by the Department of Health and Human Services based on the Urban Institute data. Both sets of estimates were derived by: (a) calculating the number of children and nursing home residents and home health users in 1993 as a percent of people in families and the aged and disabled, respectively; and (b) applying those percentages to the number of people in families and aged and disabled losing coverage in 2002. For example, in California, 62.3 percent of people in families were children in FY 1993. It was assumed that within families there is no disproportionate reductions in coverage of adults or children -- people are cut in proportion to their representation the group. This percent of children was multiplied by the Urban Institute estimate of the number of people in families losing coverage -- 918,095 -- to estimate that about 571,700 children in California could lose coverage in 2002.

The estimated increase in state spending to offset the loss of Federal funds was also calculated by the Department of Health and Human Services based on the Urban Institute data. This percentage increase was based on the Urban Institute's estimates of Federal baseline spending in 2002 and the reduction resulting from the proposal. Using the 1996 FMAPs, the state share in 2002 was estimated. Then, the reduction resulting from the proposal was added to the estimated state share to calculate the percent increase in state share if the state increased its spending to offset the loss of Federal funds.

Other facts in the document come from secondary sources. The percent of children covered by Medicaid by state comes from the March 1994 Current Population Survey. The number of children and home care users covered by Medicaid by state comes from the 1994 Health Care Financing Administration tabulation of 2082 data, submitted by states. The data on nursing home residents come from Harrington, Thollaug and Summers' report: "State Data Book on Nursing Facilities, Staffing, Residents, and Facility Deficiencies, 1991 - 1991" (January 1995).

**The Republican Budget Resolution Conference Agreement:
Estimated Number of People Losing Health Coverage, 2002**

STATE	TOTAL	Aged	Disabled	Families: Adults & Kids	Long-Term Care Users	Children
U.S.	8.8 million	920,000	1.4 million	6.3 million	680,000	4.4 million
Alabama	102,000	12,300	25,500	64,500	11,000	45,800
Alaska	22,000	1,200	1,900	19,200	na	12,700
Arizona	110,000	na	na	na	na	na
Arkansas	122,000	16,200	29,200	76,900	13,300	53,100
California	1.2 million	95,000	145,800	918,100	34,400	571,700
Colorado	97,000	10,700	16,800	70,000	9,200	48,000
Connecticut	74,000	7,500	12,300	54,200	11,800	37,100
Delaware	21,000	1,400	3,200	16,800	1,900	12,100
District of Columbia	20,000	1,500	4,400	14,400	1,500	10,100
Florida	706,000	78,900	94,900	532,100	49,100	423,000
Georgia	383,000	41,200	63,900	277,800	24,600	188,900
Hawaii	36,000	3,400	5,600	27,500	1,500	18,700
Idaho	34,000	3,100	5,500	25,500	2,400	17,800
Illinois	274,000	22,000	55,900	196,100	25,800	137,900
Indiana	112,000	11,800	17,400	83,200	11,000	56,800
Iowa	69,000	8,700	11,700	49,100	8,500	32,800
Kansas	40,000	4,500	6,100	29,200	4,500	19,700
Kentucky	171,000	17,700	43,200	110,600	22,400	73,400
Louisiana	154,000	16,600	26,800	111,000	3,900	79,000
Maine	34,000	4,300	7,200	23,000	3,500	15,400
Maryland	116,000	10,600	22,200	83,200	7,400	58,900
Massachusetts	210,000	24,100	43,600	142,200	22,900	94,700
Michigan	215,000	15,200	42,400	157,000	22,900	100,700
Minnesota	88,000	11,300	12,100	64,300	47,000	43,900
Mississippi	141,000	18,200	29,900	92,900	5,700	67,300
Missouri	83,000	10,200	13,000	59,600	7,900	39,300
Montana	27,000	3,000	5,600	18,300	2,100	10,100
Nebraska	41,000	4,700	5,500	31,000	4,200	23,100
Nevada	26,000	2,900	4,100	19,000	1,800	12,900
New Hampshire	1,100	na	na	na	na	na
New Jersey	166,000	15,300	29,000	121,600	16,700	79,600
New Mexico	80,000	8,000	17,100	55,300	4,200	37,500
New York	645,000	66,400	100,400	478,200	71,300	343,700
North Carolina	455,000	79,300	64,000	312,300	40,900	204,600
North Dakota	18,000	2,700	2,300	12,600	2,300	8,800
Ohio	292,000	32,200	50,100	209,800	28,000	143,100
Oklahoma	125,000	14,000	16,400	94,200	3,700	65,800
Oregon	118,000	8,900	15,400	94,100	8,600	62,700
Pennsylvania	308,000	31,600	67,300	209,400	22,200	150,800
Rhode Island	51,000	7,800	11,200	32,100	12,000	21,600

Continued...

**The Republican Budget Resolution Conference Agreement:
Estimated Number of People Losing Health Coverage, 2002
*Continued***

STATE	TOTAL	Aged	Disabled	Families: Adults & Kids	Long-Term Care Users	Children
U.S.	8.8 million	920,000	1.4 million	6.3 million	680,000	4.4 million
South Carolina	149,000	21,300	24,700	102,600	7,800	73,300
South Dakota	19,000	2,300	3,300	13,300	2,100	9,600
Tennessee	246,000	27,800	61,000	157,000	5,800	112,000
Texas	687,000	66,800	68,500	551,600	43,100	394,100
Utah	53,000	3,200	6,200	43,800	3,100	29,000
Vermont	20,000	2,400	3,500	14,200	1,900	9,000
Virginia	236,000	32,400	36,400	167,100	17,800	117,000
Washington	183,000	12,900	29,500	140,500	8,200	91,200
West Virginia	140,000	13,200	26,100	100,300	5,400	60,200
Wisconsin	94,000	12,800	23,000	58,000	11,300	42,600
Wyoming	15,000	1,000	1,700	12,200	1,600	8,500

NOTES:

Numbers are rounded to the nearest hundred or thousand; as a result numbers may not sum to totals due to rounding. "Long-term care users" include residents of skilled nursing facilities and users of home care. The "aged", "disabled" and "families: adults & kids" columns sum to the total recipients. The number of long-term care recipients and children losing coverage are subsets of the "aged", "disabled" and "families: adults & kids" estimates and thus cannot be added to these estimates. The first four columns are from the Urban Institute's Medicaid Expenditure Growth Model. The last two columns are U.S. Department of Health and Human Services' estimates based on the Urban Institute's estimates. All are based on the assumption that states could achieve approximately half of the savings target through reducing their growth rate per recipient to inflation plus 1.9 percent. Data for Arizona, Alaska and New Hampshire were insufficient for these analyses.

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ALABAMA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Alabama would lose \$2 billion over the seven years, a 22% reduction in 2002 alone.** Even if Alabama could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 102,000 people in 2002, according to the Urban Institute, including:

- 12,300 older Americans;
- 25,500 people with disabilities; and
- 64,500 children and their families.

The Republican proposal would force Alabama to eliminate coverage for about 11,000 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 72% of the 19,500 nursing home residents in Alabama. Medicaid also serves about 37,400 older Americans and people with disabilities using home care in Alabama. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Alabama to eliminate coverage for 45,800 children in 2002.* Currently, 16% of the children in Alabama rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 244,000 children in Alabama.

Alabama could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 51% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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ALASKA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Alaska would lose \$429 million over the seven years, a 32% reduction in 2002 alone.** Even if Alaska could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 22,000 people in 2002, according to the Urban Institute, including:

- 1,200 older Americans;
- 1,900 people with disabilities; and
- 19,200 children and their families.

The Republican proposal would force Alaska to eliminate coverage for a significant number of people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 86% of the 500 nursing home residents in Alaska. Medicaid also serves about 1,000 older Americans and people with disabilities using home care in Alaska. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Alaska to eliminate coverage for 12,700 children in 2002.* Currently, 20% of the children in Alaska rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 39,000 children in Alaska.

Alaska could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 32% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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ARIZONA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Arizona would lose \$3 billion over the seven years, a 33% reduction in 2002 alone.** Even if Arizona could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 110,000 people in 2002, according to the Urban Institute.

The Republican proposal would force Arizona to eliminate coverage for a significant number of people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 59% of the 10,500 nursing home residents in Arizona. Medicaid also serves about 11,700 older Americans and people with disabilities using home care in Arizona. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Arizona to eliminate coverage for a significant number of children in 2002.* Currently, 15% of the children in Arizona rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 310,000 children in Arizona.

Arizona could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 63% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

Note: Due to data limitations, specific estimates for Arizona are not available.

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ARKANSAS

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Arkansas would lose \$2 billion over the seven years, a 33% reduction in 2002 alone.** Even if Arkansas could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 122,000 people in 2002, according to the Urban Institute, including:

- 16,200 older Americans;
- 29,200 people with disabilities; and
- 76,900 children and their families.

The Republican proposal would force Arkansas to eliminate coverage for about 13,300 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 78% of the 19,800 nursing home residents in Arkansas. Medicaid also serves about 19,500 older Americans and people with disabilities using home care in Arkansas. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Arkansas to eliminate coverage for 53,100 children in 2002.* Currently, 20% of the children in Arkansas rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 112,000 children in Arkansas.

Arkansas could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 93% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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CALIFORNIA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **California would lose \$18 billion over the seven years, a 31% reduction in 2002 alone.** Even if California could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 1.2 million people in 2002, according to the Urban Institute, including:

- 95,000 older Americans;
- 145,800 people with disabilities; and
- 918,100 children and their families.

The Republican proposal would force California to eliminate coverage for about 34,400 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 66% of the 90,400 nursing home residents in California. Medicaid also serves about 56,400 older Americans and people with disabilities using home care in California. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force California to eliminate coverage for 571,700 children in 2002.* Currently, 26% of the children in California rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 2,260,000 children in California.

California could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 31% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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COLORADO

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Colorado would lose \$2 billion over the seven years, a 31% reduction in 2002 alone.** Even if Colorado could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 97,000 people in 2002, according to the Urban Institute, including:

- 10,700 older Americans;
- 16,800 people with disabilities; and
- 70,000 children and their families.

The Republican proposal would force Colorado to eliminate coverage for about 9,200 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 62% of the 16,100 nursing home residents in Colorado. Medicaid also serves about 12,000 older Americans and people with disabilities using home care in Colorado. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Colorado to eliminate coverage for 48,000 children in 2002.* Currently, 14% of the children in Colorado rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 142,000 children in Colorado.

Colorado could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 34% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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CONNECTICUT

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Connecticut would lose \$1 billion over the seven years, a 21% reduction in 2002 alone.** Even if Connecticut could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 74,000 people in 2002, according to the Urban Institute, including:

- 7,500 older Americans;
- 12,300 people with disabilities; and
- 54,200 children and their families.

The Republican proposal would force Connecticut to eliminate coverage for about 11,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 68% of the 25,800 nursing home residents in Connecticut. Medicaid also serves about 22,100 older Americans and people with disabilities using home care in Connecticut. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Connecticut to eliminate coverage for 37,100 children in 2002.* Currently, 14% of the children in Connecticut rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 166,000 children in Connecticut.

Connecticut could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 21% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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DELAWARE

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Delaware would lose \$331 million over the seven years, a 30% reduction in 2002 alone.** Even if Delaware could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 21,000 people in 2002, according to the Urban Institute, including:

- 1,400 older Americans;
- 3,200 people with disabilities; and
- 16,800 children and their families.

The Republican proposal would force Delaware to eliminate coverage for about 1,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 55% of the 3,000 nursing home residents in Delaware. Medicaid also serves about 4,400 older Americans and people with disabilities using home care in Delaware. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Delaware to eliminate coverage for 12,100 children in 2002.* Currently, 16% of the children in Delaware rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 40,000 children in Delaware.

Delaware could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 31% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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DISTRICT OF COLUMBIA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **District of Columbia would lose \$863 million over the seven years, a 31% reduction in 2002 alone.** Even if District of Columbia could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 20,000 people in 2002, according to the Urban Institute, including:

- 1,500 older Americans;
- 4,400 people with disabilities; and
- 14,400 children and their families.

The Republican proposal would force District of Columbia to eliminate coverage for about 1,500 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 91% of the 2,700 nursing home residents in District of Columbia. Medicaid also serves about 2,900 older Americans and people with disabilities using home care in District of Columbia. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force District of Columbia to eliminate coverage for 10,100 children in 2002.* Currently, 45% of the children in District of Columbia rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 67,000 children in District of Columbia.

District of Columbia could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 31% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

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The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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FLORIDA

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Florida would lose \$10 billion over the seven years, a 35% reduction in 2002 alone.** Even if Florida could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 706,000 people in 2002, according to the Urban Institute, including:

- 78,900 older Americans;
- 94,900 people with disabilities; and
- 532,100 children and their families.

The Republican proposal would force Florida to eliminate coverage for about 49,100 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 62% of the 59,000 nursing home residents in Florida. Medicaid also serves about 70,500 older Americans and people with disabilities using home care in Florida. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Florida to eliminate coverage for 423,000 children in 2002.* Currently, 23% of the children in Florida rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 991,000 children in Florida.

Florida could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 44% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

* U.S. Department of Health & Human Services estimates based on the Urban Institute data; numbers may not sum to totals due to rounding.

THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

GEORGIA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Georgia would lose \$6 billion over the seven years, a 35% reduction in 2002 alone.** Even if Georgia could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 383,000 people in 2002, according to the Urban Institute, including:

- 41,200 older Americans;
- 63,900 people with disabilities; and
- 277,800 children and their families.

The Republican proposal would force Georgia to eliminate coverage for about 24,600 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 82% of the 34,700 nursing home residents in Georgia. Medicaid also serves about 21,700 older Americans and people with disabilities using home care in Georgia. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Georgia to eliminate coverage for 188,900 children in 2002.* Currently, 17% of the children in Georgia rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 543,000 children in Georgia.

Georgia could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 56% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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HAWAII

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Hawaii would lose \$572 million over the seven years, a 32% reduction in 2002 alone.** Even if Hawaii could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 36,000 people in 2002, according to the Urban Institute, including:

- 3,400 older Americans;
- 5,600 people with disabilities; and
- 27,500 children and their families.

The Republican proposal would force Hawaii to eliminate coverage for about 1,500 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 72% of the 1,500 nursing home residents in Hawaii. Medicaid also serves about 900 older Americans and people with disabilities using home care in Hawaii. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Hawaii to eliminate coverage for 18,700 children in 2002.* Currently, 15% of the children in Hawaii rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 60,000 children in Hawaii.

Hawaii could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 32% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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IDAHO

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Idaho would lose \$542 million over the seven years, a 29% reduction in 2002 alone.** Even if Idaho could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 34,000 people in 2002, according to the Urban Institute, including:

- 3,100 older Americans;
- 5,500 people with disabilities; and
- 25,500 children and their families.

The Republican proposal would force Idaho to eliminate coverage for about 2,400 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 61% of the 4,200 nursing home residents in Idaho. Medicaid also serves about 4,000 older Americans and people with disabilities using home care in Idaho. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Idaho to eliminate coverage for 17,800 children in 2002.* Currently, 15% of the children in Idaho rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 59,000 children in Idaho.

Idaho could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 65% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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ILLINOIS

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Illinois would lose \$6 billion over the seven years, a 30% reduction in 2002 alone.** Even if Illinois could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 274,000 people in 2002, according to the Urban Institute, including:

- 22,000 older Americans;
- 55,900 people with disabilities; and
- 196,100 children and their families.

The Republican proposal would force Illinois to eliminate coverage for about 25,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 64% of the 77,800 nursing home residents in Illinois. Medicaid also serves about 40,500 older Americans and people with disabilities using home care in Illinois. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Illinois to eliminate coverage for 137,900 children in 2002.* Currently, 21% of the children in Illinois rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 719,000 children in Illinois.

Illinois could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 30% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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INDIANA

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Indiana would lose \$4 billion over the seven years, a 30% reduction in 2002 alone.** Even if Indiana could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 112,000 people in 2002, according to the Urban Institute, including:

- 11,800 older Americans;
- 17,400 people with disabilities; and
- 83,200 children and their families.

The Republican proposal would force Indiana to eliminate coverage for about 11,000 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 66% of the 28,500 nursing home residents in Indiana. Medicaid also serves about 7,600 older Americans and people with disabilities using home care in Indiana. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Indiana to eliminate coverage for 56,800 children in 2002.* Currently, 18% of the children in Indiana rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 319,000 children in Indiana.

Indiana could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 50% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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IOWA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Iowa would lose \$1 billion over the seven years, a 27% reduction in 2002 alone.** Even if Iowa could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 69,000 people in 2002, according to the Urban Institute, including:

- 8,700 older Americans;
- 11,700 people with disabilities; and
- 49,100 children and their families.

The Republican proposal would force Iowa to eliminate coverage for about 8,500 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 49% of the 29,300 nursing home residents in Iowa. Medicaid also serves about 15,100 older Americans and people with disabilities using home care in Iowa. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Iowa to eliminate coverage for 32,800 children in 2002.* Currently, 8% of the children in Iowa rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 136,000 children in Iowa.

Iowa could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 48% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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LOUISIANA

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. Louisiana would lose \$5 billion over the seven years, a 25% reduction in 2002 alone. Even if Louisiana could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 154,000 people in 2002, according to the Urban Institute, including:

- 16,600 older Americans;
- 26,800 people with disabilities; and
- 111,000 children and their families.

The Republican proposal would force Louisiana to eliminate coverage for about 3,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 82% of the 28,900 nursing home residents in Louisiana. Medicaid also serves about 15,200 older Americans and people with disabilities using home care in Louisiana. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Louisiana to eliminate coverage for 79,000 children in 2002.* Currently, 30% of the children in Louisiana rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 376,000 children in Louisiana.

Louisiana could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 63% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MAINE

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Maine would lose \$675 million over the seven years, a 22% reduction in 2002 alone.** Even if Maine could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 34,000 people in 2002, according to the Urban Institute, including:

- 4,300 older Americans;
- 7,200 people with disabilities; and
- 23,000 children and their families.

The Republican proposal would force Maine to eliminate coverage for about 3,500 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 78% of the 8,000 nursing home residents in Maine. Medicaid also serves about 8,000 older Americans and people with disabilities using home care in Maine. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Maine to eliminate coverage for 15,400 children in 2002.* Currently, 19% of the children in Maine rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 77,000 children in Maine.

Maine could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 37% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MARYLAND

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Maryland would lose \$3 billion over the seven years, a 32% reduction in 2002 alone.** Even if Maryland could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 116,000 people in 2002, according to the Urban Institute, including:

- 10,600 older Americans;
- 22,200 people with disabilities; and
- 83,200 children and their families.

The Republican proposal would force Maryland to eliminate coverage for about 7,400 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 67% of the 21,900 nursing home residents in Maryland. Medicaid also serves about 14,200 older Americans and people with disabilities using home care in Maryland. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Maryland to eliminate coverage for 58,900 children in 2002.* Currently, 14% of the children in Maryland rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 198,000 children in Maryland.

Maryland could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 32% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MASSACHUSETTS

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Massachusetts would lose \$4 billion over the seven years, a 28% reduction in 2002 alone.** Even if Massachusetts could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 210,000 people in 2002, according to the Urban Institute, including:

- 24,100 older Americans;
- 43,600 people with disabilities; and
- 142,200 children and their families.

The Republican proposal would force Massachusetts to eliminate coverage for about 22,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 73% of the 44,400 nursing home residents in Massachusetts. Medicaid also serves about 38,900 older Americans and people with disabilities using home care in Massachusetts. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Massachusetts to eliminate coverage for 94,700 children in 2002.* Currently, 19% of the children in Massachusetts rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 304,000 children in Massachusetts.

Massachusetts could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 28% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MICHIGAN

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Michigan would lose \$6 billion over the seven years, a 30% reduction in 2002 alone.** Even if Michigan could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 215,000 people in 2002, according to the Urban Institute, including:

- 15,200 older Americans;
- 42,400 people with disabilities; and
- 157,000 children and their families.

The Republican proposal would force Michigan to eliminate coverage for about 22,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 67% of the 38,700 nursing home residents in Michigan. Medicaid also serves about 76,000 older Americans and people with disabilities using home care in Michigan. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Michigan to eliminate coverage for 100,700 children in 2002.* Currently, 23% of the children in Michigan rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 571,000 children in Michigan.

Michigan could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 39% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MINNESOTA

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Minnesota would lose \$2 billion over the seven years, a 25% reduction in 2002 alone.** Even if Minnesota could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 88,000 people in 2002, according to the Urban Institute, including:

- 11,300 older Americans;
- 12,100 people with disabilities; and
- 64,300 children and their families.

The Republican proposal would force Minnesota to eliminate coverage for about 47,000 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 64% of the 41,500 nursing home residents in Minnesota. Medicaid also serves about 187,800 older Americans and people with disabilities using home care in Minnesota. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Minnesota to eliminate coverage for 43,900 children in 2002.* Currently, 16% of the children in Minnesota rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 193,000 children in Minnesota.

Minnesota could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 30% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MISSISSIPPI

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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Mississippi would lose \$2 billion over the seven years, a 30% reduction in 2002 alone.** Even if Mississippi could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 141,000 people in 2002, according to the Urban Institute, including:

- 18,200 older Americans;
- 29,900 people with disabilities; and
- 92,900 children and their families.

The Republican proposal would force Mississippi to eliminate coverage for about 5,700 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 82% of the 14,600 nursing home residents in Mississippi. Medicaid also serves about 5,300 older Americans and people with disabilities using home care in Mississippi. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Mississippi to eliminate coverage for 67,300 children in 2002.* Currently, 28% of the children in Mississippi rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 258,000 children in Mississippi.

Mississippi could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 107% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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MISSOURI

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Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Missouri would lose \$1 billion over the seven years, a 17% reduction in 2002 alone.** Even if Missouri could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 83,000 people in 2002, according to the Urban Institute, including:

- 10,200 older Americans;
- 13,000 people with disabilities; and
- 59,600 children and their families.

The Republican proposal would force Missouri to eliminate coverage for about 7,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 65% of the 33,500 nursing home residents in Missouri. Medicaid also serves about 26,700 older Americans and people with disabilities using home care in Missouri. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Missouri to eliminate coverage for 39,300 children in 2002.* Currently, 22% of the children in Missouri rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 328,000 children in Missouri.

Missouri could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 25% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

* U.S. Department of Health & Human Services estimates based on the Urban Institute data; numbers may not sum to totals due to rounding.

THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

MONTANA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Montana would lose \$766 million over the seven years, a 33% reduction in 2002 alone.** Even if Montana could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 27,000 people in 2002, according to the Urban Institute, including:

- 3,000 older Americans;
- 5,600 people with disabilities; and
- 18,300 children and their families.

The Republican proposal would force Montana to eliminate coverage for about 2,100 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 62% of the 6,000 nursing home residents in Montana. Medicaid also serves about 0 older Americans and people with disabilities using home care in Montana. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Montana to eliminate coverage for 10,100 children in 2002.* Currently, 15% of the children in Montana rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 34,000 children in Montana.

Montana could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 75% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NEBRASKA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Nebraska would lose \$728 million over the seven years, a 27% reduction in 2002 alone.** Even if Nebraska could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 41,000 people in 2002, according to the Urban Institute, including:

- 4,700 older Americans;
- 5,500 people with disabilities; and
- 31,000 children and their families.

The Republican proposal would force Nebraska to eliminate coverage for about 4,200 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 53% of the 15,200 nursing home residents in Nebraska. Medicaid also serves about 4,900 older Americans and people with disabilities using home care in Nebraska. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Nebraska to eliminate coverage for 23,100 children in 2002.* Currently, 14% of the children in Nebraska rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 74,000 children in Nebraska.

Nebraska could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 40% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NEVADA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Nevada would lose \$516 million over the seven years, a 29% reduction in 2002 alone.** Even if Nevada could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 26,000 people in 2002, according to the Urban Institute, including:

- 2,900 older Americans;
- 4,100 people with disabilities; and
- 19,000 children and their families.

The Republican proposal would force Nevada to eliminate coverage for about 1,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 65% of the 2,700 nursing home residents in Nevada. Medicaid also serves about 2,600 older Americans and people with disabilities using home care in Nevada. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Nevada to eliminate coverage for 12,900 children in 2002.* Currently, 9% of the children in Nevada rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 46,000 children in Nevada.

Nevada could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 29% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NEW HAMPSHIRE

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **New Hampshire would lose \$51 million over the seven years, a 6% reduction in 2002 alone.** Even if New Hampshire could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 1,100 people in 2002, according to the Urban Institute.

The Republican proposal would force New Hampshire to eliminate coverage for people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 72% of the 5,700 nursing home residents in New Hampshire. Medicaid also serves about 4,800 older Americans and people with disabilities using home care in New Hampshire. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force New Hampshire to eliminate coverage for children in 2002.* Currently, 13% of the children in New Hampshire rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 41,000 children in New Hampshire.

New Hampshire could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 6% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

Note: Due to data limitations, specific estimates for New Hampshire are not available.

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NEW JERSEY

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **New Jersey would lose \$4 billion over the seven years, a 23% reduction in 2002 alone.** Even if New Jersey could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 166,000 people in 2002, according to the Urban Institute, including:

- 15,300 older Americans;
- 29,000 people with disabilities; and
- 121,600 children and their families.

The Republican proposal would force New Jersey to eliminate coverage for about 16,700 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 69% of the 36,300 nursing home residents in New Jersey. Medicaid also serves about 39,200 older Americans and people with disabilities using home care in New Jersey. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force New Jersey to eliminate coverage for 79,600 children in 2002.* Currently, 17% of the children in New Jersey rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 364,000 children in New Jersey.

New Jersey could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 23% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NEW MEXICO

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **New Mexico would lose \$1 billion over the seven years, a 34% reduction in 2002 alone.** Even if New Mexico could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 80,000 people in 2002, according to the Urban Institute, including:

- 8,000 older Americans;
- 17,100 people with disabilities; and
- 55,300 children and their families.

The Republican proposal would force New Mexico to eliminate coverage for about 4,200 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 72% of the 5,700 nursing home residents in New Mexico. Medicaid also serves about 5,100 older Americans and people with disabilities using home care in New Mexico. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force New Mexico to eliminate coverage for 37,500 children in 2002.* Currently, 17% of the children in New Mexico rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 152,000 children in New Mexico.

New Mexico could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 91% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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September 14, 1995

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NEW YORK

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **New York would lose \$19 billion over the seven years, a 27% reduction in 2002 alone.** Even if New York could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 645,000 people in 2002, according to the Urban Institute, including:

- 66,400 older Americans;
- 100,400 people with disabilities; and
- 478,200 children and their families.

The Republican proposal would force New York to eliminate coverage for about 71,300 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 79% of the 84,500 nursing home residents in New York. Medicaid also serves about 241,800 older Americans and people with disabilities using home care in New York. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force New York to eliminate coverage for 343,700 children in 2002.* Currently, 25% of the children in New York rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 1,300,000 children in New York.

New York could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 27% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NORTH CAROLINA

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **North Carolina would lose \$7 billion over the seven years, a 34% reduction in 2002 alone.** Even if North Carolina could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 455,000 people in 2002, according to the Urban Institute, including:

- 79,300 older Americans;
- 64,000 people with disabilities; and
- 312,300 children and their families.

The Republican proposal would force North Carolina to eliminate coverage for about 40,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 76% of the 31,600 nursing home residents in North Carolina. Medicaid also serves about 31,300 older Americans and people with disabilities using home care in North Carolina. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force North Carolina to eliminate coverage for 204,600 children in 2002.* Currently, 19% of the children in North Carolina rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 491,000 children in North Carolina.

North Carolina could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 62% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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NORTH DAKOTA

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **North Dakota would lose \$382 million over the seven years, a 26% reduction in 2002 alone.** Even if North Dakota could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 18,000 people in 2002, according to the Urban Institute, including:

- 2,700 older Americans;
- 2,300 people with disabilities; and
- 12,600 children and their families.

The Republican proposal would force North Dakota to eliminate coverage for about 2,300 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 57% of the 6,700 nursing home residents in North Dakota. Medicaid also serves about 3,600 older Americans and people with disabilities using home care in North Dakota. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force North Dakota to eliminate coverage for 8,800 children in 2002.* Currently, 12% of the children in North Dakota rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 27,000 children in North Dakota.

North Dakota could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 58% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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OHIO

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Ohio would lose \$7 billion over the seven years, a 28% reduction in 2002 alone.** Even if Ohio could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 292,000 people in 2002, according to the Urban Institute, including:

- 32,200 older Americans;
- 50,100 people with disabilities; and
- 209,800 children and their families.

The Republican proposal would force Ohio to eliminate coverage for about 28,000 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 69% of the 70,600 nursing home residents in Ohio. Medicaid also serves about 51,500 older Americans and people with disabilities using home care in Ohio. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Ohio to eliminate coverage for 143,100 children in 2002.* Currently, 20% of the children in Ohio rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 785,000 children in Ohio.

Ohio could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 43% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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OKLAHOMA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Oklahoma would lose \$2 billion over the seven years, a 31% reduction in 2002 alone.** Even if Oklahoma could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 125,000 people in 2002, according to the Urban Institute, including:

- 14,000 older Americans;
- 16,400 people with disabilities; and
- 94,200 children and their families.

The Republican proposal would force Oklahoma to eliminate coverage for about 3,700 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 66% of the 21,900 nursing home residents in Oklahoma. Medicaid also serves about 12,300 older Americans and people with disabilities using home care in Oklahoma. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Oklahoma to eliminate coverage for 65,800 children in 2002.* Currently, 15% of the children in Oklahoma rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 198,000 children in Oklahoma.

Oklahoma could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 72% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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OREGON

**The Republican Budget Resolution Conference Agreement:
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Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Oregon would lose \$2 billion over the seven years, a 31% reduction in 2002 alone.** Even if Oregon could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 118,000 people in 2002, according to the Urban Institute, including:

- 8,900 older Americans;
- 15,400 people with disabilities; and
- 94,100 children and their families.

The Republican proposal would force Oregon to eliminate coverage for about 8,600 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 61% of the 11,300 nursing home residents in Oregon. Medicaid also serves about 25,200 older Americans and people with disabilities using home care in Oregon. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Oregon to eliminate coverage for 62,700 children in 2002.* Currently, 13% of the children in Oregon rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 172,000 children in Oregon.

Oregon could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 49% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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PENNSYLVANIA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Pennsylvania would lose \$6 billion over the seven years, a 27% reduction in 2002 alone.** Even if Pennsylvania could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 308,000 people in 2002, according to the Urban Institute, including:

- 31,600 older Americans;
- 67,300 people with disabilities; and
- 209,400 children and their families.

The Republican proposal would force Pennsylvania to eliminate coverage for about 22,200 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 64% of the 75,700 nursing home residents in Pennsylvania. Medicaid also serves about 22,300 older Americans and people with disabilities using home care in Pennsylvania. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Pennsylvania to eliminate coverage for 150,800 children in 2002.* Currently, 18% of the children in Pennsylvania rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 581,000 children in Pennsylvania.

Pennsylvania could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 30% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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RHODE ISLAND

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Rhode Island would lose \$861 million over the seven years, a 26% reduction in 2002 alone.** Even if Rhode Island could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 51,000 people in 2002, according to the Urban Institute, including:

- 7,800 older Americans;
- 11,200 people with disabilities; and
- 32,100 children and their families.

The Republican proposal would force Rhode Island to eliminate coverage for about 12,000 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 75% of the 7,200 nursing home residents in Rhode Island. Medicaid also serves about 12,000 older Americans and people with disabilities using home care in Rhode Island. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Rhode Island to eliminate coverage for 21,600 children in 2002.* Currently, 23% of the children in Rhode Island rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 44,000 children in Rhode Island.

Rhode Island could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 31% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

* U.S. Department of Health & Human Services estimates based on the Urban Institute data; numbers may not sum to totals due to rounding.

THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

SOUTH CAROLINA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **South Carolina would lose \$2 billion over the seven years, a 24% reduction in 2002 alone.** Even if South Carolina could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 149,000 people in 2002, according to the Urban Institute, including:

- 21,300 older Americans;
- 24,700 people with disabilities; and
- 102,600 children and their families.

The Republican proposal would force South Carolina to eliminate coverage for about 7,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 74% of the 12,400 nursing home residents in South Carolina. Medicaid also serves about 13,100 older Americans and people with disabilities using home care in South Carolina. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force South Carolina to eliminate coverage for 73,300 children in 2002.* Currently, 24% of the children in South Carolina rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 232,000 children in South Carolina.

South Carolina could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 59% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

SOUTH DAKOTA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **South Dakota would lose \$396 million over the seven years, a 28% reduction in 2002 alone.** Even if South Dakota could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 19,000 people in 2002, according to the Urban Institute, including:

- 2,300 older Americans;
- 3,300 people with disabilities; and
- 13,300 children and their families.

The Republican proposal would force South Dakota to eliminate coverage for about 2,100 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 56% of the 7,600 nursing home residents in South Dakota. Medicaid also serves about 2,200 older Americans and people with disabilities using home care in South Dakota. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force South Dakota to eliminate coverage for 9,600 children in 2002.* Currently, 15% of the children in South Dakota rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 37,000 children in South Dakota.

South Dakota could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 56% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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September 14, 1995

Contact: 202/456-7150

TENNESSEE

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Tennessee would lose \$5 billion over the seven years, a 32% reduction in 2002 alone.** Even if Tennessee could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 246,000 people in 2002, according to the Urban Institute, including:

- 27,800 older Americans;
- 61,000 people with disabilities; and
- 157,000 children and their families.

The Republican proposal would force Tennessee to eliminate coverage for about 5,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 77% of the 31,800 nursing home residents in Tennessee. Medicaid also serves about 9,300 older Americans and people with disabilities using home care in Tennessee. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Tennessee to eliminate coverage for 112,000 children in 2002.* Currently, 27% of the children in Tennessee rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 452,000 children in Tennessee.

Tennessee could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 61% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

TEXAS

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Texas would lose \$11 billion over the seven years, a 29% reduction in 2002 alone.** Even if Texas could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 687,000 people in 2002, according to the Urban Institute, including:

- 66,800 older Americans;
- 68,500 people with disabilities; and
- 551,600 children and their families.

The Republican proposal would force Texas to eliminate coverage for about 43,100 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 76% of the 63,700 nursing home residents in Texas. Medicaid also serves about 85,900 older Americans and people with disabilities using home care in Texas. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Texas to eliminate coverage for 394,100 children in 2002.* Currently, 20% of the children in Texas rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 1,407,000 children in Texas.

Texas could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 48% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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UTAH

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Utah would lose \$1 billion over the seven years, a 31% reduction in 2002 alone.** Even if Utah could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 53,000 people in 2002, according to the Urban Institute, including:

- 3,200 older Americans;
- 6,200 people with disabilities; and
- 43,800 children and their families.

The Republican proposal would force Utah to eliminate coverage for about 3,100 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 65% of the 5,500 nursing home residents in Utah. Medicaid also serves about 3,200 older Americans and people with disabilities using home care in Utah. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Utah to eliminate coverage for 29,000 children in 2002.* Currently, 8% of the children in Utah rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 86,000 children in Utah.

Utah could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 86% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

VERMONT

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Vermont would lose \$318 million over the seven years, a 27% reduction in 2002 alone.** Even if Vermont could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 20,000 people in 2002, according to the Urban Institute, including:

- 2,400 older Americans;
- 3,500 people with disabilities; and
- 14,200 children and their families.

The Republican proposal would force Vermont to eliminate coverage for about 1,900 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 68% of the 3,300 nursing home residents in Vermont. Medicaid also serves about 4,600 older Americans and people with disabilities using home care in Vermont. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Vermont to eliminate coverage for 9,000 children in 2002.* Currently, 18% of the children in Vermont rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 47,000 children in Vermont.

Vermont could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 42% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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September 14, 1995

Contact: 202/456-7150

VIRGINIA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Virginia would lose \$3 billion over the seven years, a 33% reduction in 2002 alone.** Even if Virginia could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 236,000 people in 2002, according to the Urban Institute, including:

- 32,400 older Americans;
- 36,400 people with disabilities; and
- 167,100 children and their families.

The Republican proposal would force Virginia to eliminate coverage for about 17,800 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 70% of the 25,400 nursing home residents in Virginia. Medicaid also serves about 17,600 older Americans and people with disabilities using home care in Virginia. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Virginia to eliminate coverage for 117,000 children in 2002.* Currently, 14% of the children in Virginia rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 334,000 children in Virginia.

Virginia could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 35% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

WASHINGTON

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Washington would lose \$4 billion over the seven years, a 31% reduction in 2002 alone.** Even if Washington could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 183,000 people in 2002, according to the Urban Institute, including:

- 12,900 older Americans;
- 29,500 people with disabilities; and
- 140,500 children and their families.

The Republican proposal would force Washington to eliminate coverage for about 8,200 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 67% of the 23,600 nursing home residents in Washington. Medicaid also serves about 4,300 older Americans and people with disabilities using home care in Washington. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Washington to eliminate coverage for 91,200 children in 2002.* Currently, 12% of the children in Washington rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 328,000 children in Washington.

Washington could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 31% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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WEST VIRGINIA

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **West Virginia would lose \$3 billion over the seven years, a 35% reduction in 2002 alone.** Even if West Virginia could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 140,000 people in 2002, according to the Urban Institute, including:

- 13,200 older Americans;
- 26,100 people with disabilities; and
- 100,300 children and their families.

The Republican proposal would force West Virginia to eliminate coverage for about 5,400 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 75% of the 6,300 nursing home residents in West Virginia. Medicaid also serves about 3,300 older Americans and people with disabilities using home care in West Virginia. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force West Virginia to eliminate coverage for 60,200 children in 2002.* Currently, 24% of the children in West Virginia rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 161,000 children in West Virginia.

West Virginia could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 97% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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THE WHITE HOUSE
Office of Media Affairs

September 14, 1995

Contact: 202/456-7150

WISCONSIN

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. Wisconsin would lose \$3 billion over the seven years, a 29% reduction in 2002 alone. Even if Wisconsin could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 94,000 people in 2002, according to the Urban Institute, including:

- 12,800 older Americans;
- 23,000 people with disabilities; and
- 58,000 children and their families.

The Republican proposal would force Wisconsin to eliminate coverage for about 11,300 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 68% of the 43,100 nursing home residents in Wisconsin. Medicaid also serves about 13,200 older Americans and people with disabilities using home care in Wisconsin. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Wisconsin to eliminate coverage for 42,600 children in 2002.* Currently, 15% of the children in Wisconsin rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 141,000 children in Wisconsin.

Wisconsin could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 43% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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September 14, 1995

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WYOMING

**The Republican Budget Resolution Conference Agreement:
Medicaid Cuts Will Force States to Reduce Health Coverage**

Republican's Proposal: Reduces Medicaid Payments to States by 30% in 2002

Republicans are proposing to cut more than \$182 billion from Federal Medicaid spending between 1996 and 2002: a cut of 20% over seven years and 30% in 2002. **Wyoming would lose \$245 million over the seven years, a 30% reduction in 2002 alone.** Even if Wyoming could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 15,000 people in 2002, according to the Urban Institute, including:

- 1,000 older Americans;
- 1,700 people with disabilities; and
- 12,200 children and their families.

The Republican proposal would force Wyoming to eliminate coverage for about 1,600 people needing long-term care in 2002.* Medicaid is the largest insurer of long-term care for all Americans, including the middle class. Currently, Medicaid covers 66% of the 1,700 nursing home residents in Wyoming. Medicaid also serves about 3,300 older Americans and people with disabilities using home care in Wyoming. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 per year nationally.

The Republican proposal would force Wyoming to eliminate coverage for 8,500 children in 2002.* Currently, 13% of the children in Wyoming rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 26,000 children in Wyoming.

Wyoming could avoid these difficult choices forced by the Republican proposal only by increasing its Medicaid spending by 45% in 2002 -- by raising property or sales taxes, or cutting other critical state spending.

The President's Balanced Budget Proposal

The President's proposal saves \$54 billion over seven years from Medicaid, less than one-third the Republican cut and still a significant contribution toward deficit reduction. The President's Medicaid policy produces savings by reducing and retargeting disproportionate share payments, increasing state flexibility, and limiting the growth in Federal Medicaid spending per recipient. This policy constrains Federal spending but allows states to respond to unexpected changes in the number of people covered. It does not put states at risk and dismantle a program that has served as a critical safety net -- as would happen under the Republican proposal.

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The Governors' Medicaid Proposal

 **CENTER ON BUDGET
AND POLICY PRIORITIES**

March 1996

The Governors' Medicaid Proposal

Richard Kogan
Cindy Mann



Washington, D.C.

The **Center on Budget and Policy Priorities**, located in Washington, D.C., is a non-profit, tax-exempt organization that studies government spending and the programs and public policy issues that have an impact on low-income Americans. The Center is supported by foundations, individual contributors, and publications sales.

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Contents

Acknowledgments	v
I. Overview	1
II. The Limits of Coverage Guarantees	5
III. Effects of the Governors' Funding Mechanisms	13
IV. Summary and Recommendations	31

Appendices

A Alternative Interpretations Produce Different Problems	37
B Data and Methodology	41
C Federal Medical Assistance Percentages	43

Tables

Table 1

The Effect of Reducing the State Matching Rate	17
--	----

Table 2

Capping and Cutting Federal Payments; Cutting the State Share	18
---	----

Table 3

Potential Reductions in Medicaid Funding	20
--	----

Table 4

Potential Reductions in Medicaid Funding — Then and Now	20
---	----

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I. Overview

The Medicaid proposal adopted by the National Governors' Association makes some improvements in the Medicaid block grant approved by Congress but also has many troubling elements. By creating incentives for states to withdraw large amounts of state funding, the plan could result in total program reductions at least *three times as deep* as the federal reductions by themselves. In addition, the plan leaves some groups of poor children and adults without a guarantee of coverage and grants states sweeping discretion to scale back the health services that Medicaid covers. In combination, the increased incentive for states to withdraw Medicaid funding and the broad discretion granted to states over eligibility and benefits is likely to lead both to a substantial reduction in the number of people insured and to erosion in the health services covered for many of those who remain insured.

To begin with, the governors' plan would eliminate the federal guarantee of coverage to substantial numbers of people now protected by the program. Most of the basic decisions concerning coverage for poor children over age 12, low-income parents, and disabled people would be left to state discretion.

States also would decide the amount, duration, and scope of the health services covered for persons insured under the program, without any meaningful federal standards or guidelines. State discretion over the health services covered would be so vast as to allow states, for example, to deny vision and hearing care to children or to restrict coverage of hospital care for people with chronic illnesses to only a few days per month. In other examples, a state could decline to cover all necessary laboratory tests for an elderly individual who has suffered a stroke or to pay for the cost of medical equipment such as a walker.

The removal of federal standards in these areas is especially significant in light of other parts of the governors' plan that would allow states to reduce state Medicaid

funding sharply. States would be able to withdraw \$182 billion to \$214 billion in state funds over seven years without affecting the level of federal Medicaid funding they receive. By contrast, under current law states cannot withdraw state funding without triggering at least a dollar-for-dollar reduction in federal funds. The ability of states to scale back Medicaid eligibility and benefits and reap 100 percent of the savings makes state actions to reduce the health insurance that Medicaid provides more likely.

Aggravating this situation are aspects of the governors' proposal that would make legal the types of sham financing schemes that a growing number of states were using until Congress and the Bush and Clinton Administrations outlawed them in the early 1990s. These financing mechanisms would enable states to meet state matching requirements without actually providing the requisite amount of state funds. States taking advantage of these financing gimmicks in coming years could reduce state Medicaid contributions still further without jeopardizing federal funds. As a consequence, the potential reduction in state funding under the governors' proposal could be even greater than \$182 billion to \$214 billion.

The funding structure the governors' plan would establish also has other shortcomings. Under the plan, if enrollment of certain groups of beneficiaries increased above projected levels because of such factors as population growth or an economic downturn, states could receive additional federal payments from an "umbrella" fund. This fund reflects the laudable goal of creating a financing system in which federal dollars "follow the people." But there are problems with the fund's design. For example, the umbrella payments, as well as the basic block grant payments, would not respond to increases in inflation that cause state health care costs to be higher than anticipated.

In addition, the governors' proposal is structured in a manner that would allow states to "game" the system and access federal umbrella funds in unwarranted circumstances. This feature of the governors' proposal is likely to reduce federal savings; partly because of it, the level of federal savings that would result from the proposal is likely to be lower than the level of savings that either the Administration's proposal or the current Republican budget proposal would generate.

Another problem with the governors' plan is that it ends basic legal protections which now are part of Medicaid. The plan would repeal current Medicaid law without providing any assurance that provisions of current law banning providers from billing Medicaid patients, protecting beneficiaries from unaffordable cost-sharing requirements, and prohibiting discrimination against certain groups of beneficiaries based on their medical condition would be maintained. In addition, the plan makes clear that neither beneficiaries nor providers could turn to federal courts to enforce any rights the new federal law might provide.

Medicaid is a complex program under which financing provisions and coverage and benefit rules interact in ways that determine whether vulnerable people are assured adequate health care coverage. It is possible to broaden state flexibility substantially and achieve significant savings without weakening the health care safety net if care is taken to balance various interests and goals. But the governors' plan does not achieve such a balance. It primarily serves the interests of state governments by guaranteeing states a certain level of federal payments, allowing states to withdraw large amounts of state funds without losing any of this federal money, letting states scale back Medicaid eligibility and benefits, and denying recipients and providers access to federal court.

The likelihood that a substantial number of states would take advantage of opportunities to withdraw state funds, coupled with the great latitude states would have to scale back Medicaid benefit packages and to end coverage for certain groups of beneficiaries, creates a large risk that health insurance for vulnerable populations would be materially weakened. Under the plan, millions of poor children, parents, and disabled and elderly people are likely either to become uninsured or inadequately insured.

II. The Limits of the Coverage Guarantees

The following groups of people would be guaranteed coverage for some health care services under the governors' plan:

- Pregnant women and children under age six with incomes below 133 percent of the federal poverty line;
- Children aged six through 12 with incomes below 100 percent of the federal poverty line;
- Elderly people with incomes and assets below the Supplemental Security Income standards; and
- Medicare beneficiaries with incomes below 100 percent of the federal poverty line. These beneficiaries would receive coverage for payment of Medicare copayments, deductibles and premiums.

Several other groups of people now guaranteed coverage under Medicaid, however, would lose that guarantee.

Poor Children over Age 12

Under changes enacted in 1990 with bipartisan support and signed into law by President Bush, Medicaid coverage for older poor children is being phased in so that by 2002, all poor children under age 19 will be covered. The governors' proposal would repeal the coverage guarantee being phased in for poor children over age 12.

Coverage of older poor children would be optional with the states (except for some children with ties to the welfare system; see the next section). As a result, states could deny coverage to large numbers of poor children over age 12. For example, they

could limit coverage to children below a certain age (such as 14) or to children with incomes below some fraction of the poverty line.

The principal group that would lose assurance of coverage consists of poor children over 12 whose parents work at low-wage jobs that do not offer health insurance for dependents. Three million poor children over age 12 in non-welfare families could be denied coverage because of this repeal.

Another feature of the governors' plan makes it likely that many states will think twice before extending coverage to poor children over age 12. Under the plan, an umbrella fund would be created to provide additional federal payments to a state when the number of Medicaid beneficiaries in the state exceeds the number forecast at the time of the legislation's enactment. But the umbrella fund has a gap — children over 12 whom a state opted to cover would not be counted when a state's umbrella funding level is determined.

This means that whether or not a state elects to cover children over 12 in working poor families *has no effect on the level of federal Medicaid a state receives*. Both the "basic grant" the state would receive and umbrella funding it would get would be unaffected by whether a state chooses to cover none, some, or all of these poor children.

Moreover, if a state decided to cover working poor children and enrollment of these children then exceeded expectations — perhaps because child poverty rose in the state — the umbrella fund would offer no help. States that chose to enroll poor children over age 12 consequently would assume *all* of the risk of higher-than-anticipated enrollment themselves. This would likely discourage states from picking up this option.

The exclusion of these children from the umbrella funding mechanism stands in contrast to the treatment of other groups. The umbrella fund would cover beneficiary growth among groups of elderly and disabled people that states elected to cover, as well as among groups of elderly and disabled people that states were required to cover. For children and pregnant women, however, the umbrella fund would cover only those whom states were mandated to cover. Groups such as children over age 12 in working poor families would be left out.

Children and Parents Who Receive AFDC

The problem caused by eliminating the coverage guarantee being phased in for poor children over age 12 is compounded by the changes proposed for families that qualify for Medicaid based on their receipt of AFDC benefits. Under current law, all children and parents who receive AFDC are automatically eligible for Medicaid. Under the governors' plan, however, states could disenroll many of these children and parents. While a state could opt to continue covering children and parents whose

income and assets are below the state's current AFDC standards, the state could instead elect either of the following two options:

- to restrict Medicaid eligibility in states in which the AFDC eligibility criteria are above the national average by lowering the state's Medicaid income and asset limits to the current national average limits in AFDC. The current national average AFDC income limit for a family of three is \$399 per month, or just 38 percent of the poverty line. More than half of the children over age 12 who receive Medicaid based on AFDC eligibility — 53 percent — live in states with AFDC income limits above the national average; or
- to cover only those parents and children who qualify for the new program a state creates under its welfare block grant. These programs are likely to have much more restrictive criteria than the current AFDC program in many states. Under the welfare block grant, states would have unlimited discretion to restrict eligibility, and no federal minimum eligibility standards would apply.

If most states adopted either of these latter two options, millions of children and parents would lose Medicaid coverage. For example, in a state choosing the last option, those parents and older children who would be ineligible for welfare due to time limits or other restrictive welfare rules that a state adopted would lose Medicaid coverage.

Currently, four million parents and 1.5 million children receive Medicaid on the basis of their eligibility for AFDC. (These 1.5 million children are in addition to the three million children over age 12 in *non*-AFDC families who will be eligible for Medicaid under current law when coverage guarantees for poor children are phased in fully.)

People With Disabilities

Under the governors' proposal, there would be no federal definition of disability and no minimum income or asset standards for persons with disabilities. A state could limit coverage for disabled people in whatever way it saw fit.

For example, a state could limit coverage to people who reside in state institutions or whose disabilities are life-threatening. States also could restrict eligibility to disabled individuals with incomes well below the poverty line. States thus could eliminate the current link for the disabled between Medicaid coverage and eligibility for the Supplemental Security Income program. In some states, significant numbers of low-income individuals sufficiently disabled to receive SSI could lose Medicaid coverage.

States would have strong incentives to restrict eligibility for disabled people since they are a rapidly growing and high-cost group to insure. The Congressional Budget Office projects that under current law, the increase in disabled beneficiaries will account for about 45 percent of the projected growth in overall Medicaid costs between 1995 and 2005.¹ Six million people are now enrolled in Medicaid because of their disabilities.

The governors' proposal does contain a "set-aside" requirement that would direct states to spend a certain percentage of their Medicaid funds on the disabled.² But if states reduce overall Medicaid expenditures as the governors' proposal would allow (see Chapter III), Medicaid resources devoted to the disabled in 2002 could be 38 percent to 43 percent below what is projected under current law.³ States could reduce coverage for the disabled sharply and still meet the set-aside requirement.

A Guarantee of What?

While the governors' proposal guarantees coverage for certain categories of people, it repeals virtually all federal standards relating to the health services that states must cover under their Medicaid programs. Under the proposal, a state would have to offer *some* hospital care, physician services, home health care, laboratory services, and other specified benefits to people the state is required to cover.⁴ But all current rules on the *amount, duration, and scope* of the health care services that must be covered would be dropped.⁵

¹ Statement of Joseph R. Antos, Assistant Director for Health and Human Resources, Congressional Budget Office, before the U.S. House of Representatives Committee on Commerce, June 21, 1995.

² The set-aside requirement equals "90 percent of the percentage of total medical assistance funds paid in fiscal year 1995 for persons with disabilities." For example, if 28 percent of total Medicaid spending in a state in fiscal year 1995 was devoted to the disabled, then in future years at least 25 percent (90 percent of 28 percent) of Medicaid spending in that state would have to be earmarked for the disabled. (This example is used because in fiscal year 1995, some 28 percent of Medicaid dollars nationwide were spent on services for the disabled.)

³ These percentages are consistent with reductions in overall state Medicaid funding of \$182 billion to \$214 billion over seven years, as discussed in the state funding section.

⁴ Under current law, certain benefits are considered mandatory while others are optional. States currently must provide *all* categories of persons covered under the program with all mandatory benefits. By contrast, under the governors' plan, states would only have to provide the categories of people they are required to enroll with the mandatory categories of services (i.e., some hospital care, physician services, etc.) There would be *no* federal benefit rules applied to optional categories of people, such as poor children over age 12.

⁵ States already have considerable flexibility in defining benefit coverage as long as "Each service (is)
(continued...)

People guaranteed coverage under the plan thus may find the guarantee a hollow one. All of the rules regarding what hospital care, physician services or other services must be covered would be left up to the states, with no minimum federal standards. A state could choose to offer only a skeletal benefit package to any or all groups of beneficiaries.

A state seeking to reduce state expenditures for Medicaid could impose annual or lifetime limits on hospital utilization or limit coverage for hospital care to only a few days per month. In an extreme case, a state could guarantee only several days of hospital care in the event of a heart attack. A state also could limit expenditures for prescription medications to a level below what a significant number of chronically ill or disabled people need.⁶

If mid-year fiscal pressures arise, a state could scale back the health services it covers for new applicants as compared to the services covered for the people already enrolled in the program.⁷ Large differences among states in Medicaid benefit packages almost certainly would emerge in the absence of federal minimum standards.

This, in turn, would increase the risks of the "race to the bottom" about which many analysts have warned. Without federal standards, policymakers in a state may become concerned that having a more generous benefit package than neighboring states will attract people from those states. As a result, major reductions in Medicaid services by one state could trigger reductions by others, setting in motion a downward spiral in the adequacy of the health care coverage that Medicaid provides.

The governors' proposal also would substantially modify current federal requirements concerning the treatment services that must be made available to poor children; it would restrict the rules governing the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) component of Medicaid. Under current law, children found to be suffering from a medical problem detected during a routine screening must be provided with the treatment necessary to address the problem. The governors' proposal would greatly scale back this treatment guarantee for children by

⁵ (...continued)

sufficient in amount, duration, and scope to reasonably achieve its purpose," 42 C.F.R. sec. 440.230(b). Thus, under current law, services do not have to be sufficient to meet every person's needs, but services must be of sufficient amount, duration and scope to assure that most of the eligible people receive the amount of services they need. State-imposed limits on services have been approved by HCFA and upheld by the courts.

⁶ Currently, prescription medications are an optional service, although all states cover prescriptions for most of their Medicaid beneficiaries. Even though the service is optional under current law, states electing to provide this service must follow federal amount, scope and duration rules.

⁷ Maryland Governor Parris Glendening has already stated that this approach might be taken in Maryland, projecting that managed care savings will not be sufficient to offset anticipated reductions in federal Medicaid payments under a block grant. *Maryland FY97 Budget, Budget Priorities*, p. 20.

allowing states to provide only whatever level of treatment is otherwise available under the state's Medicaid plan. Since there would no longer be any meaningful federal rules governing the benefits provided under a state's plan, this proposed change in EPSDT rules would leave poor children with serious medical problems without assurance they would receive the treatment their physician recommends. Without a guarantee of treatment, the EPSDT screening requirements that would be retained in the governors' plan are likely to be of little value.

In addition, the plan could weaken the benefit coverage provided to poor Medicare beneficiaries. Under current law, Medicaid pays the *Medicare* copayments, premiums, and deductibles for those Medicare beneficiaries whose income is below the poverty line.⁸ The governors' plan would weaken this coverage for low-income Medicare beneficiaries by allowing states to limit payments for Medicare copayments to the rates the state pays under Medicaid. For example, if a Medicare beneficiary were required to pay a 20 percent copayment on physician charges set at \$5,000 based on Medicare rates, and under *Medicaid* rates the physician charges were limited to \$4,000, Medicaid would cover only \$800 of the \$1,000 copayment (i.e., Medicaid would pay 20 percent of \$4,000 rather than 20 percent of \$5,000). It is unclear whether poor Medicare beneficiaries would have to pay the difference between the state's Medicaid payment and the Medicare charges (in this example, \$200) or whether providers would be expected to absorb the uncovered portion of their fees.

The Effects of Repealing Current Medicaid Law

The governors' plan calls for repealing the existing Medicaid statute (Title XIX of the Social Security Act) without specifying those portions of current law that would be retained. A wholesale repeal of Title XIX could have far-reaching consequences. Provisions protecting beneficiaries from copayment and other cost-sharing requirements they cannot afford could disappear. So could rules prohibiting providers from billing Medicaid patients. A better course of action would be to review Title XIX and eliminate, revise and simplify those provisions of the law that do not comport with the changes that Congress wishes to make to accord states more flexibility.

Ban on Access to Federal Court

Finally, neither beneficiaries nor providers would be able to sue in federal court to enforce any rights the new federal Medicaid law supposedly guarantees them.⁹ The

⁸ Medicaid also pays the premium costs, but *not* the copayment and deductible costs, for Medicare beneficiaries between 100 percent and 120 percent of the poverty line.

⁹ The plan is silent as to whether it also would prohibit beneficiaries from relying on other federal laws, such as the Americans with Disabilities Act or civil rights laws, to bring certain Medicaid claims into
(continued...)

elimination of the right to seek legal redress in federal court would be unprecedented; no federally established program supported by billions of federal dollars is now immune from suit in federal court. Without access to federal courts, the meaning of federal law would be subject to the differing views of the courts of 50 states, and important remedies that may not be available in state court could be lost.¹⁰

As a result, there are two reasons why the coverage guarantees in the governors' proposal have less meaning than may initially appear to be the case. Those who are guaranteed coverage are not guaranteed any type of minimum benefit package, and they also are prohibited from bringing suit in federal court if a state violates the federal coverage guarantee.

⁹ (...continued)
federal court.

¹⁰ If Medicaid law is revised to eliminate or substantially limit federal standards regarding provider reimbursement rates, there will be much less litigation under federal Medicaid law in the future. In those limited areas where federal rights would be maintained, access to federal courts should be maintained as well.

III. Effects of the Governors' Funding Mechanisms

This chapter examines the funding structure of the governors' proposal. One important aspect of the governors' proposal is its inclusion of additional federal Medicaid payments to states with larger-than-anticipated Medicaid caseloads. This is a significant improvement over the Medicaid bill Congress passed last fall, which would have established fixed federal block grants that would not have been responsive to unexpected changes in the location, number, or mix of Medicaid beneficiaries.

Nevertheless, there are a number of serious flaws with the governors' funding structure.

- 1) It could lead to very large reductions in state Medicaid funding, producing substantial cutbacks in the Medicaid benefit package, payments to providers, and/or Medicaid coverage. Reductions in state Medicaid funding could be nearly three times as large as the reduction in federal funding.

Such large reductions could result in decreased coverage for low-income individuals. They also could result in shifts in costs to local governments that operate city or county hospitals or clinics and to employers and employees who pay premiums for private health insurance policies.

- 2) States would again be permitted to use discredited — and currently illegal — financing schemes to lessen state contributions to Medicaid.
- 3) If Medicaid caseloads exceeded expectations in a state or nationally, the federal government would bear a fair share of the added Medicaid costs. But if caseloads fell below expectations, states would collect much or all

of the savings, with the federal government failing to receive a fair share of the reduction in cost.

- 4) States would be able to “game the system,” limiting the efficacy of the proposed caps on federal Medicaid expenditures and enriching their treasuries at federal expense.

These four deficiencies suggest that the funding structure of the governors’ proposal is designed to serve state fiscal needs more than federal fiscal needs and also to protect states against unexpected fiscal problems more than to protect poor children, parents, and elderly and disabled people against unexpected health problems. There also is a fifth shortcoming with the financing aspects of the governors’ proposal:

- 5) The caps it would place on federal Medicaid funding would not respond to unexpected changes in the general inflation rate. As a result, the caps would squeeze states too hard if the general inflation rate turned out to be higher than is currently forecast and would treat states too generously (and cost the federal government too much) if inflation was lower than forecast.

Current Matching Requirements

Under current law, Medicaid is funded jointly by the federal and state governments. The federal government pays each state a fixed percentage of its total Medicaid costs, and the state pays the rest. The federal percentage is called the Federal Medical Assistance Percentage, or FMAP.

The FMAP is based on state per-capita income; the poorer a state, the higher the federal share of Medicaid costs and the lower the state share. The state shares of Medicaid costs range from 21 percent in the poorest state (Mississippi) to 50 percent in the 12 states with the highest per-capita income. On average, states pay 43 percent of Medicaid costs.

Currently, if Medicaid costs rise in a state for any reason — for example, if more people enroll in Medicaid or the rates paid to health care providers increase — the federal government pays its share (at least 50 percent) of the additional costs. Similarly, if states reduce Medicaid expenditures, the federal government receives its share (again, at least 50 percent) of the resulting savings.

The Governors’ Proposal

The governors’ proposal would change current law in three fundamental ways.

- The proposal would set a ceiling or “cap” on federal Medicaid payments for each state. (See box at bottom of the page.) Once federal payments reached the ceiling, the federal government would cease providing funds, and a state would bear in full any additional costs incurred. The federal cap would be set at a level below what federal Medicaid expenditures are projected to be under current law. Therefore, the amount of matching funds that a state would have to put up to secure its maximum federal funding allotment also would be less than the amount the state would be expected to contribute under current law. As a consequence, states could reduce projected state Medicaid contributions without affecting the amount of federal funds they receive.
- In addition — and of particular importance — the NGA proposal would reduce state matching percentages for at least 25 states. All states that currently pay *more than* 40 percent of Medicaid costs would have to pay at most 40 percent of such costs.

For example, a state now bearing 50 percent of Medicaid costs would instead have to pay 40 percent of such costs. This means a state that has a 50 percent matching rate and now provides \$3 in state funds for each \$3 in federal Medicaid payments it receives would instead have a 40 percent match rate and be required to provide just \$2 in state funds for each \$3 in federal funds.

The Cap on Federal Medicaid Payments

The proposed cap on federal payments to a state would equal the sum of: a) the “basic grant” to the state (which would equal federal Medicaid expenditures in the state in a base year, increased in accordance with a growth formula written into the statute); and b) “umbrella” payments made to a state to cover unanticipated caseload growth (that is, caseload growth that was not anticipated and not built into the growth formula used to determine the state’s basic grant).

The federal umbrella payments would be paid to states on a per beneficiary basis. They would be open-ended in that no limit would be placed on the number of additional beneficiaries for whom umbrella payments would be made. But in another sense, the umbrella payments would be capped — the *amount* of the umbrella payment for each additional beneficiary served would be determined by a formula written into the statute, not by the state’s actual costs in serving the beneficiary. The umbrella payments would not cover unlimited costs for the additional beneficiaries.

A state whose matching percentage is reduced from 50 percent to 40 percent thus could reduce its state contribution by *one-third* without such action having any effect on the level of federal funding it secures. (The NGA proposal is unclear on whether matching rates also would be reduced for states whose *current* matching rates are below 40 percent. The Medicaid part of the budget reconciliation bill that Congress passed last fall would have lowered the matching rate requirement for many of those states as well.)¹¹

- Third, the governors' proposal would make legal the sham financing schemes that some states used in past years to secure federal Medicaid funds without actually providing state matching funds. These schemes were outlawed by federal legislation enacted during the Bush Administration.

These dubious financing mechanisms include schemes under which a state could, for example, collect \$100 million from hospitals through a "provider tax," return the \$100 million to the hospitals as Medicaid "disproportionate share hospital" payments, and use the \$100 million in payments to hospitals to secure \$50 million in federal matching funds. Making such financing schemes legal again would enable states to *appear* to meet state matching requirements without really spending the requisite amount of state money on Medicaid benefits.¹²

Potential Reductions in State Medicaid Funding

How deep could reductions in Medicaid funding be under the governors' proposal? Several factors are at work here.

First, consider the effect of capping federal Medicaid payments. If federal payments are capped, a state would have to decide whether to contribute more than the

¹¹ The Administration's Medicaid proposal does not include a reduction in state matching requirements. Neither did the Budget Resolution that Congress approved in June. The reconciliation bill Congress passed did, however, reduce state matching requirements. It lowered the maximum state matching percentage to 40 percent, as the NGA proposal would. This change by itself would lower the *average* state share of Medicaid costs from its current level of 43 percent to 38 percent. The reconciliation bill also changed some factors used in calculating state matching percentages to reduce below 40 percent the matching percentage for some states whose current matching rates exceed 40 percent, and to reduce to still lower levels the matching rates for 12 states whose current rates already fall below 40 percent. Overall, the reconciliation bill would lower the average state share of Medicaid costs from 43 percent to 37 percent.

¹² The budget reconciliation bill that Congress passed also would have repealed the prohibitions against these financing schemes. The Medicaid proposal in the Administration's budget would not repeal current prohibitions on the use of such schemes.

amount needed to draw down its full federal payment. If it did so, a state would be contributing state dollars for which it received no matching federal payments.

Since there would be no requirement for a state to contribute unmatched dollars, many states likely would reduce their state contributions to the minimum level that would secure their full federal payment. This would result in state funding reductions relative to what states are projected to spend under current law, on top of the federal funding reductions.

A second factor driving potential reductions in state Medicaid funding is the proposed reduction in state matching percentages. Suppose a state whose current matching rate is 50 percent receives federal Medicaid payments of \$6 billion. Under current law, the total size of the state's Medicaid program would be \$12 billion — the \$6 billion provided by the federal government plus \$6 billion provided by the state. Suppose, however, the federal payment was capped at \$6 billion and the state matching share was reduced from 50 percent to 40 percent, as NGA proposes. State contributions could drop to \$4 billion. Total Medicaid funding could decrease from \$12 billion to \$10 billion.

Table 1

The Effect of Reducing the State Matching Rate		
	<u>Existing law</u>	<u>NGA proposal</u>
Federal share	\$6 billion (50%)	\$6 billion (60%) (amount capped)
State share	\$6 billion (50%)	\$4 billion (40%)
Total funding level	\$12 billion	\$10 billion

Now, combine the effects of these two factors. Suppose a particular state would secure \$7 billion in federal Medicaid funds under current law, matched by \$7 billion in state funds. Suppose also that NGA's new federal cap would reduce federal funding for the state from \$7 billion to \$6 billion. And suppose the state's matching rate was reduced from 50 percent to 40 percent, allowing the state to reduce its contribution to \$4 billion without losing any federal funds. The total resources available to the Medicaid program in the state could shrink from \$14 billion to \$10 billion, producing an overall reduction in funding for the state's Medicaid program of 29 percent.

Table 2

Capping and Cutting Federal Payments; Cutting the State Share		
	<u>Existing law</u>	<u>NGA proposal</u>
Federal share	\$7 billion (50%)	\$6 billion (60%) (amount capped)
State share	\$7 billion (50%)	\$4 billion (40%)
Total funding level	\$14 billion	\$10 billion

In short, the combined effect of the federal caps and the reductions in state matching rates contained in the governors' proposal would be to facilitate very deep reductions in state Medicaid funding. This, in turn, raises a related question. To reduce state funding this much, states must be able to reduce substantially the cost of their Medicaid programs. Could they do so?

Under the governors' proposal, the answer is "yes." The proposal allows states to take an array of actions to shrink Medicaid coverage and reduce costs. States would be able to scale back the health services their Medicaid program covers to whatever degree they wish. They also could define "disability" narrowly and reduce the costs of insuring the disabled population. Furthermore, states would be free to narrow Medicaid coverage both for poor children over age 12 and for parents in welfare families. States also would be able to reduce the fees paid to medical care providers to the extent politically feasible.

In other words, states would have the ability to reduce Medicaid expenditures

Using the "Savings" to Expand Coverage

Some governors have suggested the proposed reduction in state matching requirements is desirable because states could "use the savings to expand Medicaid coverage for uninsured workers." This is not the case; reducing state matching requirements cannot assist states in covering uninsured workers. To the contrary, it would make such coverage expansions less likely and reductions in coverage more likely.

Reducing state matching requirements, as the governors propose, would enable states to reduce their contributions for Medicaid without causing federal contributions to increase. The result would be to lower the total amount of resources available to Medicaid.

A reduction in resources would necessitate reductions in the number of people covered, reductions in the health services for which beneficiaries are insured, reductions in the amount that providers are paid for their services, or some combination of such actions. By definition, a reduction in total Medicaid resources does not provide new resources to cover more people.

quite sharply, enabling a state to provide no state funding beyond the amount needed to secure its full federal Medicaid contribution. In assessing whether states would pursue such a course, it should be noted that state treasuries would get 100 percent of the savings from such Medicaid cutbacks; the federal government would get none. This differs dramatically from the situation under current law, where a state keeps between 20 cents and 50 cents of each dollar saved from Medicaid cuts, depending on the state.

How Much Might Total Medicaid Funding Be Reduced?

The governors' proposal does not specify the precise amount of federal Medicaid savings it seeks to achieve. Several governors have suggested that total federal cuts over seven years should fall between \$59 billion — the amount in the President's 1997 budget — and \$85 billion, the amount in the Republican Congressional leadership's January budget offer.

On this basis, it is possible to calculate the amount of federal, state, and total reductions in Medicaid funding that could occur under the NGA proposal. If each state contributed the amount needed to draw down its full federal payment but no more than that, the results would be as follows:

- If the seven-year federal funding reduction were \$59 billion and state matching requirements were reduced only for states with current matching rates above 40 percent, states could cut their Medicaid contributions \$182 billion over seven years. Under this scenario, the total reduction in federal and state funding combined would be \$241 billion over seven years. The reduction would grow in depth with each year, reaching 19 percent in 2002.
- If the seven-year federal cut were \$85 billion and state matching requirements were reduced in the same manner as under the Congressional reconciliation bill (see footnote 11), states could reduce state funding by \$214 billion over seven years. In this case, the total seven-year cut — including both federal and state reductions — would equal \$299 billion, reaching 26 percent by 2002. (See Table 3.)
- In both cases, states would be able to reduce state funding more than twice as much as federal funding would be cut. Between 72 percent and 76 percent of the potential Medicaid funding reductions would consist of reductions in state contributions.

It is instructive to contrast the potential funding reductions under the governors' proposal with the funding cuts envisioned last spring in the Congressional budget resolution. The budget resolution called for \$182 billion in federal Medicaid cuts and explicitly rejected any changes in the federal/state matching percentages. The federal

Table 3

Potential Reductions in Medicaid Funding (In billions)				
	<u>Minimum</u>		<u>Maximum</u>	
	<u>7-year</u>	<u>In 2002</u>	<u>7-year</u>	<u>In 2002</u>
Federal reductions (net) ¹³	\$ 59	11%	\$ 85	18%
State reductions:*				
-- because of federal cap	\$ 48		\$ 69	
-- because of FMAP change	\$134		\$145	
Total state reductions	<u>\$182</u>	<u>30%</u>	<u>\$214</u>	<u>37%</u>
Grand total reductions*	\$241	19%	\$299	26%

* Assuming states contribute only the amount needed to draw down the maximum federal payment to which they are entitled.

¹³ The exact level of a new "special" grant for undocumented aliens, which is part of the governors' proposal, makes a small difference in the size of the potential state and total funding reductions because the aliens grant would be exempt from state matching requirements. If the *net* federal cut is \$59 billion and the new aliens grant is \$3.5 billion, the *gross* federal cut is \$62.5 billion. It is the gross cut that determines the size of the potential reductions in state matching payments.

The NGA did not specify the size of the aliens grant. An aliens grant of \$3.5 billion is assumed here as part of the \$59 billion net federal reduction. An aliens grant of \$6 billion is assumed as part of the \$85 billion net federal cut. The \$3.5 billion figure reflects the size of the aliens grant in the reconciliation bill. The \$6 billion figure is the size of the aliens grant in the "Medigrant II" proposal, which House Commerce Committee staff circulated on the eve of the NGA meeting as part of a proposal to achieve \$85 billion in federal Medicaid savings and which formed part of the basis of the NGA plan.

reductions of \$182 billion proposed at that time would have produced a potential total funding reduction of \$320 billion over seven years, taking state reductions into account. This means that, while proposed federal funding reductions would be less than half as deep as they were last spring, the total Medicaid funding reductions that would result from the governors' plan is nearly as large as the total cut that could have occurred under the original Congressional plan. (See Table 4; also see Appendix B for a

Table 4

Potential Reductions in Medicaid Funding — Then and Now (1996 - 2002, in billions)			
	<u>Federal Reductions</u>	<u>Potential State Reductions</u>	<u>Potential Total Reductions</u>
Congressional budget plan (June 1995)	\$182	\$138	\$320
Governors' plan, maximum (Feb. 1996)	\$85	\$214	\$299

description of the data and methodology that underlies the calculations and Appendix C for a listing of current and proposed state matching rates.)

Governors' Plan Likely to Lead to Substantial Cost-Shifting

The Medicaid funding reductions that would occur as a result of the NGA plan would likely lead to substantial cost-shifting. Since the governors' plan could result in as much as \$299 billion in federal and state funding reductions over seven years, the degree of cost-shifting could be quite large.

Funding reductions of this magnitude greatly exceed what most experts believe can be achieved through efficiencies and service delivery reforms, such as the greater use of managed care. Such reductions in funding would lead to some combination of: greater numbers of people going without needed care; greater reliance on emergency rooms at city and county hospitals and on other locally operated public health facilities; increases in private-sector health insurance premiums as medical providers who are undercompensated by Medicaid spread their costs; and reduced income for medical providers. The second and third of these scenarios entail cost-shifting to local taxpayers and to those who pay for private-sector health insurance policies, principally employers and employees.

Cost-shifting would occur both because providers would be paid less for the services they perform and because some individuals would lose coverage entirely or for some needed health care services. Some people would go without needed care or pay for care from their own limited resources. Others, however, would use emergency rooms or other "free" providers. As a result, the number of people receiving uncompensated care would increase. (Moreover, in many cases, care likely would be delayed until medical problems became more serious, causing the cost of uncompensated care that ultimately was provided to rise further.)

In the past, when provider payments were squeezed or uncompensated care increased, doctors and hospitals routinely increased the fees they charged to those with private-sector (e.g., employer-based) health insurance. This increase was one reason that health care premiums rose so rapidly in recent decades — individuals with private-sector health insurance paid "too much" to cover shortfalls in Medicare, Medicaid, and uncompensated care. Cost-shifting was one of the factors that prompted some businesses to drop health insurance coverage as premium costs climbed.

In the current environment, providers have less ability to increase charges to the private sector because a growing portion of physician and hospital care is financed through managed care companies. The market power of managed care enterprises makes them able to resist attempts by individual hospitals and doctors to raise prices. Consequently, only a portion of the Medicaid funding reductions that would occur under the governors' plan would likely be cost-shifted to businesses and insured workers.¹⁴

The increasing difficulty of shifting costs to private-sector insurance plans has two implications. First, if uncompensated care becomes scarcer, a greater number of sick, poor, uninsured people will have difficulty receiving medical assistance. Second, city and county hospitals and other providers of uncompensated care are likely to face a noticeably increased caseload. The cost of that increased caseload will be borne largely by local taxpayers in the form of either tax increases or reductions in other services.

¹⁴ Cost-shifting to private insurance plans is a hidden tax on businesses, working people, and others with private-sector health insurance. Employees bear the brunt of this cost shift; most economists believe that employer-paid costs for benefits such as health insurance are largely passed on to workers in the form of lower wages than they would otherwise be paid.

Bogus Financing Schemes

In one sense, the figures presented here concerning potential state funding reductions are a worst-case scenario; they show the loss of Medicaid funding that would result if no state contributed unmatched dollars to Medicaid. In another sense, however, these figures understate the extent to which state funding could be withdrawn. Reductions in state Medicaid resources could be even deeper if states begin using sham financing schemes to meet a portion of their Medicaid matching requirements. As noted, the governors' proposal would drop all legal bars to the use of such financing schemes.

In the past, a number of states used creative financing schemes to make payments which they could call "Medicaid contributions" but that really were not. For example, a state might impose a special "tax" on a health care provider and then rebate to that provider the amount collected from it. The provider and the state would each be in the same financial position as if this back-and-forth transfer had not occurred. But the state could call the rebate a "Medicaid expenditure" and claim federal matching funds for it.

Similarly, a state might make a special "intergovernmental transfer" from one state entity — for example, a state hospital — to the state Medicaid program and then promptly rebate to the hospital the amount collected from it. The state and the hospital would each be in the same position as if this transfer had not occurred. But here also the state could call the rebate a "Medicaid expenditure" and claim federal matching funds for it. Provider tax rebates and intergovernmental transfers are two versions of the same shell game. Congress largely banned such sham transactions in the early 1990s. The NGA proposal, however, would make them legal again. (See the box on the next page for a more extensive treatment of this issue.)

Until being outlawed in the early 1990s, sham financing was used by some states to extract extra federal Medicaid payments without providing the requisite amount of additional state matching funds. This increased federal costs. Under the governors' proposal, federal payments would be capped, and sham financing consequently would not generate more federal money. Rather, sham financing would allow a state to withdraw even more of its own funding without losing federal dollars. In effect, legalizing sham financing makes state matching requirements meaningless. The result would be a larger reduction in the total resources available to Medicaid for finance health care services, and hence larger cutbacks in the categories of people insured, the types of health services covered, or the payment rates for providers.

"Heads I Win, Tails You Lose"

As described above, under the governors' proposal, the level of federal Medicaid payments to states would be capped. For any state, the cap would equal the state's

Examples of How Special Medicaid Financing Methods Can Allow States to Draw Down Federal Dollars Without Spending State Funds

The following example illustrates how some sham financing schemes worked in the past.

Assume a state imposes a provider tax that is paid by hospitals and that raises \$40 million dollars. The state then pays back to the hospitals that are subject to the tax \$50 million in disproportionate share hospital ("DSH") payments. (These payments are supposed to provide additional funds to hospitals that serve a disproportionately high number of Medicaid and low-income uninsured patients.) If the state's federal Medicaid match rate is 50 percent, it can claim \$25 million in federal Medicaid funds based on the \$50 million in DSH payments it has made to the hospitals.

The result is that the hospitals gain \$10 million (\$50 million in DSH payments less the \$40 million in provider taxes), while the state gains \$15 million (it receives \$25 million in federal matching funds plus \$40 million in provider taxes while disbursing \$50 million in DSH payments). Thus, the federal government pays \$25 million without any net state funds having actually been expended.

Michigan's practices are instructive. Michigan is not the only or most egregious example of a state that has used such financing methods. It is cited here because the following example has been documented by GAO and provides a good illustration of how this practice works.

In fiscal year 1993, Michigan raised \$452 million through hospital donations and then paid the hospitals \$458 million in disproportionate share (DSH) payments. Based on these payments, Michigan claimed \$256 million in federal matching funds. The net effect of these transactions was as follows: the hospitals gained \$6 million (\$458 million in DSH funds less \$452 million in provider donations); the state gained \$250 million (\$256 million in federal matching funds less \$6 million in net payments to the hospitals); and the federal government paid \$256 million in federal matching funds without state funds having been expended.

When provider donations were limited by Congress through legislation enacted in 1991 that became effective in January 1993, this loophole was closed. Michigan responded by relying on intergovernmental transfers and changing its criteria for deciding which hospitals would qualify for DSH payments. In October 1993, Michigan paid \$489 million to the one hospital that met its new DSH definition, the state-owned University of Michigan hospital. The state claimed \$276 million in federal matching funds for this payment, but the public hospital returned the full \$489 million payment to the state through an intergovernmental transfer the day the payment was made. Through this one transaction, Michigan realized a net gain of \$276 million in federal Medicaid payments, again without expending any state funds. This practice is now limited through additional tightening provisions that were enacted in 1993 and took effect in 1994.

Source: GAO, *States Use Illusory Approaches to Shift Program Costs to Federal Government*, August 1994.

basic grant (i.e., the level of federal Medicaid expenditures in the state during the base year, increased to reflect a growth factor built into the statute), plus the federal

umbrella payments the state would receive if the actual number of Medicaid beneficiaries in the state exceeded the number reflected in the state's growth factor when the legislation was enacted.¹⁵

If the actual number of Medicaid enrollees in a state exceeded the number reflected in the growth factor, the cap on federal Medicaid payments to that state would increase accordingly. But if the actual number of enrollees in the state fell below the level assumed in the state's growth factor, the federal cap on payments to the state would *not* decrease. States consequently would be in an enviable position — they would receive more federal funds if beneficiary growth exceeded expectations, but would not receive less funding if beneficiary growth fell short of expectations. The plan thus provides states with an incentive to restrict coverage, since they would lose no federal funds by doing so and all of the savings would accrue to state treasuries.

Moreover, the federal government would have to be able to predict beneficiary growth with perfect accuracy *on a state-by-state basis* to avoid incurring unintended federal costs. If the federal government's prediction of *national* beneficiary growth were perfect, but some state caseloads grew faster than expected while others grew more slowly, the federal government would end up spending more than forecast. In addition, federal payments to states with slower-than-anticipated caseload growth would be more generous than anticipated, raising issues of equity among states. (See box on next page.)

DSH and Bogus Financing Schemes

In recent Congressional hearings, one governor said that repealing the current prohibitions on sham financing should not be a concern. Disproportionate Share Hospital (DSH) payments probably would not exist under the governors' Medicaid proposal, he indicated, and as a result the opportunity for state financing games would disappear.

This conclusion is not correct. In the past, states characterized their rebates of provider taxes or intergovernmental transfers as "Disproportionate Share Hospital payments" to draw down federal matching funds. Under the governors' proposal, this would be not necessary. In fact, there would be a wider, not a narrower, field for such financing scams.

For example, states could impose special "taxes" on HMOs or other large managed care providers covering Medicaid enrollees. States then could rebate those "taxes" to HMOs and characterize the rebates as state Medicaid payments. It would not be necessary to label these rebates as DSH payments to employ these schemes; under the governors' plan, states could make such rebates by using the discretion the plan would give them to establish special rates for certain groups of providers. (Note: rebating "taxes" or "contributions" is easier when the state can deal with a few big entities, such as a few large urban hospitals. Large HMOs could be the vehicles for such financing maneuvers in the future.)

¹⁵ An alternative way of interpreting how the caps would work is provided in Appendix A.

This raises a related issue. If budget estimators at the Office of Management and Budget and the Congressional Budget Office take into account the extent to which state-by-state caseloads may differ from expectations, their estimate of the savings from this one-sided approach to setting federal caps is likely to be small.

This will present Congress with a choice. Congress could settle for lower savings in the Medicaid area. The result would be weakened health care coverage for millions of low-income Americans and very small federal savings. Alternatively, Congress could reduce the basic grants and federal spending caps for *all* states to make up for the lost savings. Such an approach, however, would penalize states whose caseload levels equaled or exceeded the anticipated level — and would likely require sharper cutbacks in Medicaid services in such states — while still according favorable

How the Governors' Proposal Would Treat States Inequitably

A hypothetical example helps to illustrate how the NGA funding structure would likely result in some states' receiving windfalls while harming other states or the federal treasury. Imagine two states that each receive \$5 billion in federal Medicaid payments in the base year, and in each of which caseload growth is forecast to be two percent per year. Suppose also that the portion of the growth factor that is intended to help cover increases in the cost of *providing medical services* to beneficiaries (as distinguished from cost increases due to increases in the *number* of beneficiaries) has been set at about three percent. Under the governors' proposal, the two states would both receive an overall federal funding increase of five percent over the base-year level — three percent for increases in the cost of delivering medical care and two percent for caseload growth. The basic grants these two states would receive consequently would each equal \$5.25 billion (\$5 billion plus five percent).

Suppose, however, that the Medicaid caseload actually grew only one percent in one of these states while growing three percent in the other state, instead of growing two percent in both states. Total caseload growth in the two states combined would equal expectations. But the state experiencing one percent caseload growth would get a \$50 million windfall; it would get federal funds for one percent more beneficiaries than it actually served. The second state would not receive a windfall but would not be hurt, as it would receive an extra \$50 million from the federal umbrella fund to cover its higher-than-anticipated caseload growth.

The Congressional Budget Office might anticipate this problem and lower its savings estimate as a result. If that occurs, Congress may decide to offset the loss in savings by reducing, for *all* states, the growth factor allowed for increases in the cost of delivering medical services. In this example, that growth factor might be reduced from three percent to 2.5 percent; that reduction would offset the \$50 million federal loss that would otherwise occur as a result of the first state's receiving the \$50 million windfall described above. But such an attempt to avoid federal losses would not prevent the inequitable treatment of some states and would create other difficulties. If the cost of delivering medical care services grew more rapidly than 2.5 percent, the state whose caseload growth exceeded expectations would be shortchanged; it would receive insufficient federal funds to deal with increases both in the cost of medical services and in the number of beneficiaries.

treatment to states whose caseloads turned out to be smaller than predicted.

These problems are not difficult to correct. The remedy is to allow the federal caps to adjust upward *or downward* if a state's caseload turns out to be higher *or lower* than anticipated.

Gaming the System

A number of states may contribute just enough state funds to Medicaid to draw down the maximum federal payments to which they are entitled. But some states may, as a matter of policy or for other reasons, find themselves contributing more than the minimum. These states, which would be contributing unmatched dollars and might not be overly pleased by that development, would face an enticing prospect — they would be able to “game the system” and secure substantial amounts of additional federal revenue.

Suppose a state finds that caseload growth exceeds the level anticipated in the state's growth factor. In such a case, the federal government would pay additional amounts to the state on behalf of each additional beneficiary beyond the number originally forecast (except for additional children covered at state option). Since the state is providing more state funding than needed to meet its matching requirement, the state will be able to receive the federal umbrella payments without contributing any additional state matching funds.

In this circumstance, the state will be in a position comparable to that of a health maintenance organization (HMO) — it will receive an additional federal payment for each new person it enrolls while incurring costs only to the extent required to pay the actual medical bills of the new enrollees. In effect, the federal payment will be a “capitation” payment.¹⁶ When coupled with other provisions of the governors' plan, this approach provides a strong — perhaps irresistible — temptation for states to engage in “gaming.”

States could, under the NGA plan, provide different benefit packages for different groups of beneficiaries, with some benefit packages being adequate and others greatly scaled back. A state that is contributing more state dollars than needed

¹⁶ The per-capita federal umbrella payments would apparently be based on the average cost of beneficiaries in each of several broad beneficiary categories such as the elderly, the disabled, and children. (The governors' proposal refers to “additional funds for certain populations,” which is generally understood to mean that the formula for determining the size of the per-capita umbrella payments will vary for different groups of Medicaid enrollees, such as the elderly, children, the disabled, etc.) The governors did not specify how many such beneficiary groups should be created or how the level of the per-capita payments should be set. One approach would be to have the per-capita payments for each group equal average federal Medicaid costs for that group in the base year, adjusted by the same general growth factor used in the basic grant for the state (excluding that portion of the growth factor intended to cover anticipated caseload increases).

to meet its matching requirement could seek as many additional enrollees as possible in certain beneficiary categories to maximize its federal umbrella payments, while providing the additional enrollees only minimal health benefits at low state cost. The state also could concentrate on enrolling categories of new beneficiaries likely to be healthy in order to keep the costs of covering the beneficiaries low. The state could even drop coverage for new enrollees who had the misfortune to get sick too often, just as insurance companies sometimes drop coverage for those with too many claims. As long as the federal umbrella payment the state received for each additional beneficiary was higher than the average cost of medical care for these new enrollees, which would be easy to arrange, the state treasury would make money on each additional enrollee.

As a result, the federal caps, intended to generate federal Medicaid savings for the federal government, could become rather meaningless. Federal Medicaid expenditures would rise toward the level they would have attained had federal Medicaid law not been changed. Federal savings would dissipate even though the additional Medicaid beneficiaries might not get meaningful health care coverage.

As noted, states will be able to “game the system” in this manner only if they are contributing, or *appearing* to contribute, some unmatched state dollars. Even if bogus financing schemes are not permitted, the design of the governors’ funding proposal thus leaves federal policymakers with a dilemma. If all states reduce their state contributions to the maximum extent allowed, the risk to the federal treasury posed by this type of gaming will not materialize. But there will be \$182 billion to \$214 billion in state funding cuts, and Medicaid beneficiaries are likely to suffer considerably. Alternatively, if states do *not* reduce their funding levels nearly as much as \$182 billion, many states will find themselves in a position to exploit federal umbrella payments to the detriment of the federal treasury.¹⁷

In theory, any Medicaid reform proposal that includes capped per-beneficiary federal payments can present states with the possibility of gaming the system. Other proposals that would provide capped federal payments to states on a per-beneficiary basis, however — such as the Clinton Administration’s proposal, the Medicaid legislation designed by the conservative Democratic “Coalition” in the House of Representatives, and the proposal Senate Democrats offered last fall — include features that minimize these risks to the federal government. These features include

¹⁷ The governors’ proposal states: “Appropriate provisions will be established to ensure that states do not have access to the umbrella fund unless there is a demonstrable need.” This vague statement appears not to have much meaning, however, given the other features of the governors’ plan. For example, suppose it means that states will receive per-capita payments only on behalf of additional enrollees who are sick and receiving meaningful health benefits from the state. This concept would be unenforceable since it is difficult to distinguish “additional” enrollees from “anticipated” enrollees. How can the state tell, for any individual enrollee, whether he or she was one of the anticipated ones or an additional one? Furthermore, if a standard of “demonstrable need” is to be effective in preventing states from gaming the system, enforcement by the Health Care Financing Administration and meaningful federal benefit standards will both be essential. Such measures would, however, run afoul of other aspects of the governors’ proposal.

maintaining existing prohibitions of bogus financing schemes, requiring an adequate and fundamentally equal benefit package for every beneficiary in the state, and preserving existing state matching requirements.¹⁸

Inadequate Adjustments for Inflation

If the general inflation rate in the U.S. economy is higher than expected, medical care will cost more due to no fault of the federal government, the state, or state Medicaid programs. Consequently, any Medicaid proposal should provide states and beneficiaries with protection against higher-than-anticipated inflation, as the current Medicaid program does.

At first blush, the governors' proposal appears to provide such protection. The "basic grant" paid to states is supposed to include "an inflation factor." In fact, however, this turns out to mean only that an inflation factor *based on current inflation forecasts* is built into the basic grant and umbrella payment structure. No adjustment would be made if the actual inflation rate turns out in coming years to be higher or lower than today's forecasts predict.

This is a serious deficiency in the plan. While the governors' proposal provides for an adjustment in federal funding levels if Medicaid caseloads rise beyond expectations (except for optionally covered children), it provides no comparable adjustment if the general inflation rate exceeds expectations. The Medicaid caps included in both the Administration and Coalition Medicaid proposals do contain such an adjustment.

An example helps to show why federal Medicaid payments should be adjusted if inflation is higher or lower than forecast. Suppose the general inflation rate is expected to be three percent per year. Suppose also that Medicaid costs (exclusive of costs due to caseload growth) are projected to grow six percent per year under current law (three percentage points above the general inflation rate), and policymakers are contemplating capping Medicaid cost growth at four percent per year (allowing only a one percent margin above the general inflation rate to reflect more rapid increases in

¹⁸ Other legislation with per-beneficiary federal caps minimizes the risks of state gaming in several ways. First, states would not be allowed to use bogus financing schemes to meet their matching requirements. Second, states would be far less likely to be contributing unmatched state dollars, since their matching rates would not be reduced. States not contributing unmatched dollars cannot game the system in this fashion, because they would have to contribute additional state matching funds to go along with the federal umbrella payments being received on behalf of additional beneficiaries. Finally, even if states were contributing unmatched state dollars, they would find it difficult to limit enrollment to new beneficiaries whose medical care cost less than the federal per-capita payment. Medical underwriting (that is, selecting only healthier people to enroll), disenrollment of people who become too sick, and skeletal benefit packages all would be prohibited under these other Medicaid proposals. States would have to provide adequate benefits to all enrollees due to federal benefit standards, the continuing federal requirement that benefits be of reasonable amount, duration, and scope, and federal rules requiring comparable benefits and access throughout a state.

health care costs due to the ongoing development of improved medical technologies). Rather than establishing a rigid formula that inflexibly fixes the allowable growth rate at four percent per year, policymakers could set the growth factor at “one percent above actual inflation.” If actual inflation turned out to be 3.5 percent instead of 3 percent, the cap would allow 4.5 percent growth in medical costs. Conversely, if general inflation was only 2.5 percent, the cap would allow 3.5 percent medical cost growth.

In both instances, costs would continue to be squeezed by the amount considered appropriate when the legislation was drafted (in this example, by two percentage points, since Medicaid costs were assumed to rise three percentage points more than the general inflation rate in the absence of legislation to overhaul the program). If, instead, the allowable growth rate were inflexibly fixed at four percent — rather than at one percent above the actual inflation rate — costs would be squeezed either too much or not enough, depending on whether the general inflation rate was higher or lower than had been forecast. Adjusting the cap so it increases or decreases if inflation is higher or lower than CBO has forecast thus would produce a more rational result.

This approach also would afford more protection to states. If, over the next seven years, inflation averages one percent per year higher than CBO currently expects, the additional Medicaid costs would total \$73 billion under current law, with states bearing \$31 billion of these costs. Because the governors’ plan lacks an adjustment in the caps to reflect inflation that is higher or lower than expected, however, states either would have to bear themselves *all* of the additional Medicaid costs that would result from higher-than-forecast inflation or else would have to restrict Medicaid eligibility, scale back the health services covered, or reduce payments to providers to achieve cost reductions to offset the effects of higher inflation.

The approach recommended here would not reduce federal Medicaid savings. If inflation proves to be higher than is currently forecast, federal Medicaid costs under current law would be higher than CBO currently projects. If the governors’ Medicaid proposal were modified so it changed in cost when the general inflation rate varied from expectations, the amount saved — relative to what Medicaid would have cost the federal government without reform legislation — would remain virtually the same. The amount of federal savings that the Medicaid spending caps generated, and the amount by which the federal deficit would be reduced, would be essentially the same as the amounts that CBO estimated at the time of the legislation’s enactment.

Such an approach also would not increase the federal deficit. The Congressional Budget Office, the Office of Management and Budget, and other analysts have long found that inflation has little or no effect on the deficit. If inflation is higher than expected, federal outlays increase, but federal revenues rise by about the same

amount.¹⁹ Therefore, the approach recommended in this paper would also protect the federal government against the possibility that inflation might be lower than currently forecast.

The possibility that the general inflation rate may surpass current forecasts should not be ignored. CBO currently projects that general inflation will average 2.8 percent per year for the foreseeable future. In the 1980s, general inflation averaged 5.2 percent per year, while the average inflation rate was 7.0 percent in the 1970s.²⁰ (It was 2.7 percent in the 1960s.) Though the underlying inflation rate in the economy is lower today than in the previous two decades, CBO's record on economic forecasting — while as good or better than anyone else's — is far from perfect. In early 1988, for example, CBO overestimated inflation for the year already in progress by a full percentage point. In 1990, CBO underestimated inflation for the year in progress by half a percentage point.

CBO's projections are necessarily more speculative over a longer period of time. For example, CBO's baseline economic assumptions published in January 1995 assume prices in 2002 that are 4.3 percent higher than CBO assumed two years earlier, in its January 1993 assumptions. The assumptions CBO made back in January 1985 of what prices would be in 1992 turned out to err in the other direction; actual prices were 4.5 percent lower than CBO had predicted. High-quality seven-year price forecasts can be off as much as 5 percent in either direction during an era of relative economic stability.

For Medicaid, this means that total program costs in 2002 could be \$15 billion higher or lower than CBO now expects solely because of uncertainty about inflation. This underscores why adjusting Medicaid caps up or down to reflect the extent to which inflation is higher or lower than anticipated should be a basic part of any Medicaid proposal that includes a cap.

(Note. The analysis in this chapter assumes a straightforward interpretation of the financing aspects of the NGA proposal. Alternative interpretations produce different problems; see Appendix A.)

¹⁹ See *The Economic and Budget Outlook: Fiscal Years 1996-2000*, Congressional Budget Office, January 1995, pages 78-79. If inflation is higher than expected, state revenues increase as well. Under current law, higher inflation leads to higher state Medicaid costs and to higher state revenues in the same proportion. Under the governors' proposal, by contrast, higher-than-anticipated inflation would force the state to absorb what under current law is both the state and the federal share of the increase in Medicaid costs caused by higher inflation. In such a case, state Medicaid costs would grow much more rapidly than state revenues would.

²⁰ These figures reflect the average annual percentage change in the GDP implicit price deflator on a calendar-year basis.

IV. Summary and Recommendations

The NGA plan could result in the loss of much of the intended federal savings while placing substantial numbers of low-income children, parents, and elderly and disabled individuals at risk of losing some or all of their health insurance coverage. Although the plan advances a number of important principles, including the basic concept that federal funding should follow enrollees and increase when enrollment rises, it is seriously flawed. In particular, its financing provisions — combined with the sweeping discretion granted to states over coverage and benefits and the lack of federally enforceable legal protections — are likely to lead to an increase in the ranks of the uninsured and to excessively scaled back benefits for many who retain coverage.

Despite their severity, these problems can be remedied within the basic Medicaid structure the governors have proposed. This chapter briefly describes how policymakers can address the major shortcomings of the governors' proposal in the areas of coverage, benefits, financing, and legal protections. The remedies described here would increase federal savings and avoid changes that would greatly weaken the health care safety net, while affording states flexibility to alter their Medicaid programs in a number of important areas.

Coverage

The governors' plan would cause three principal groups to lose the guarantee of health care coverage provided under current law. These coverage gaps can be closed.

The three groups are as follows:

- **Poor children over age 12.** The governors' plan makes coverage of this group of children optional for states; up to three million children could be

affected. *The guarantee of coverage for poor children over age 12 that is part of current law — and is phasing in through 2002 — can be retained.*

- **Large numbers of children and parents who now qualify for Medicaid based on their receipt of AFDC.** The plan would allow states to deny coverage to substantial numbers of poor children over 12 and poor parents who now receive Medicaid based on their receipt of AFDC. Health care coverage for up to four million parents and 1.5 million children over 12 is at risk.

To prevent erosion in coverage, states can be required to cover children and parents whose income is below current AFDC standards. Such a requirement can be designed in a way to make it simple for states to administer.

- **People with disabilities.** The governors' plan would give states total discretion to define who would qualify based on disability. Being sufficiently disabled and poor to receive SSI would no longer provide an assurance of Medicaid coverage. (As noted in Chapter II, the plan's "set-aside" requirement for the disabled is of limited help. Under the set-aside, Medicaid funding for coverage of the disabled could, by 2002, be as much as 40 percent below the Medicaid funding levels projected for coverage of the disabled under current law.)

The governors' plan would require states to continue covering elderly people who meet SSI income and asset standards. *States also can be required to cover disabled people who meet SSI disability and financial eligibility standards.*

Benefits

- **No federal benefit standards.** One of the most significant problems with the plan is that it grants states unlimited discretion to define the *amount, duration, and scope* of the services that will be offered. This means that the coverage guarantees the governors propose for poor pregnant women, poor children under 12, and elderly SSI recipients would mean little, since Medicaid coverage for some of these groups could consist of insurance only for a rather skeletal benefits package that fails to include key health care services. The lack of benefit standards also allows for "gaming" by states. *Federal rules requiring states to provide services that are sufficient in amount, duration, and scope can be retained and applied to all groups of beneficiaries.*

- **Changes in “EPSDT.”** Under the plan, children would no longer be assured of receiving the treatment they need if a medical problem is discovered during a periodic health examination or screening. This change is particularly troublesome in light of the elimination of basic federal benefit standards. As a result of these two changes, many poor children could fail to receive basic treatments a doctor prescribes. *This problem can be addressed by maintaining EPSDT rules.*
- **Changes in benefit coverage for “QMBs.”** Some poor elderly and disabled people who receive Medicare (called “Qualified Medicare Beneficiaries,” or “QMBs”) may face significant increases in out-of-pocket costs because Medicaid would, in many cases, leave a portion of their Medicare co-payments uncovered. *Medicaid can cover the full cost of Medicare cost-sharing obligations for these poor beneficiaries, as it does under current law.*

Financing

The plan would permit states to withdraw large amounts of state funds from Medicaid; it would allow states to withdraw approximately \$200 billion over the next seven years without that affecting the level of federal Medicaid funding they receive. State Medicaid cuts could be nearly three times as deep as the federal reductions. The potential to reduce state funding to this degree is likely to prompt states to take advantage of opportunities allowed under the plan to restrict coverage and to scale back benefits for those who remain insured.

State Matching Requirements

- The NGA plan allows at least 25 states to cut state funding by up to one-third without losing any federal funds; it does this by reducing state “matching requirements.” *Current state matching rates can be retained.*

Financing Gimmicks

- The plan allows states to reduce state funding to a still-greater degree by using financing gimmicks that are currently illegal, including the use of selective provider taxes and intergovernmental transfers. *Current prohibitions and limitations on such financing gimmicks can be retained.*

The Basic Payment and the “Umbrella Fund”

The NGA plan includes both basic block grant payments to states and “umbrella” payments to cover additional beneficiaries who enroll. The umbrella fund

is a fundamental part of the NGA plan; it ensures that funding follows people and protects states from the effects of recessions and other unexpected changes in caseload size or caseload mix. But the system of block grant and umbrella funds designed by NGA has four significant flaws that need correction.

- **No adjustment for inflation.** The plan establishes “basic” block grant payments to states, with the calculation of these payments based partly on CBO’s current inflation assumptions. The plan fails to adjust these payments if the overall inflation rate in the U.S. economy turns out to be higher or lower than CBO has forecast. States and beneficiaries will be at risk if the general inflation rate is higher than forecast. The federal government will pay too much if inflation is lower than forecast. *This can be remedied by setting the level of growth that Congress wishes to allow in block grant payments at a specified amount above or below the general inflation rate.*

For example, if the general inflation rate is forecast to be three percent, and on that basis, Congress wishes to allow four percent growth, Congress should set the growth factor at one percentage point above the general inflation rate. (Note: the GDP price deflator can be used here as the inflation measure; the Consumer Price Index need not be involved.) The Medicaid proposals advanced by the Coalition and Senate Democrats have followed this approach to dealing with inflation.

The federal deficit is not affected by this change. CBO has found that when inflation is higher or lower than forecast, this does not affect the deficit since it results in changes in revenues and outlays that cancel each other out.

- **No adjustment if caseload falls.** States in which caseloads exceed expectations will get additional federal funds. But if a state’s caseload falls below expectations, the state gets to pocket federal money that, under the governors’ plan, it does not need. This reduces federal savings and means that states whose caseloads fall below anticipated levels will receive windfalls. It also means that states which reduce caseloads by restricting coverage can do so — and lower their costs — without losing any federal funds. *Federal payments should decrease if caseload comes in below expectations, just as the payments would increase if caseload exceeds expectations.*
- **States can game the system.** In some circumstances, states could “game” the umbrella fund, because protections against gaming included in other plans that allow for per-capita payments are missing from the governors’ plan. States could increase their caseloads by enrolling new beneficiaries while keeping costs very low by giving the new enrollees a minimal benefit package. The states would claim “per-capita” payments from the

federal government for the new enrollees; since states could arrange matters so that the cost of serving these additional beneficiaries was less than the per-capita federal payments they would receive, states could make a profit from these transactions and deposit the extra funds in their state treasuries.

This problem can be addressed by maintaining federal benefit standards and providing full umbrella payments only to states that provide the full range of basic benefits to enrollees.

- **No umbrella payments for optional children and pregnant women.** The umbrella fund fails to cover increases in the number of those children and pregnant women who are not “mandatory” beneficiaries. This means, for example, that if a state elects to cover working poor children over age 12 and the number of such children increases during a recession, the state will receive no additional federal Medicaid payments to cover the additional caseload. This may strongly discourage states from covering such children.

The umbrella funding mechanism can be modified so it covers all mandatory and optional categories of beneficiaries. Under the governors’ plan, the umbrella fund already applies to caseload increases for all categories of elderly and disabled beneficiaries. It also should apply to all categories of children and pregnant women, rather than just to mandatory categories of these groups.

Loss of Legal Protections

- **Repeal of Title XIX.** The plan would repeal the statute that governs Medicaid. Key protections included in the statute — such as the ban against providers billing Medicaid patients, limits on cost-sharing requirements, and quality standards — are at risk. *Title XIX can be retained as the basic law and amended to reflect the changes that policymakers wish to make to produce savings and accord states flexibility.*
- **No access to federal court.** Neither beneficiaries nor providers would be allowed to bring suit in federal court, even if their state was violating federal law and misusing federal funds. No other federal law guarantees a benefit to eligible individuals and provides billions of federal dollars to states to honor that guarantee, while denying eligible individuals access to federal court if a state violates these federal guarantees. *This problem can be addressed by continuing to allow federal Medicaid claims to be brought in federal court.*

Summary of Recommendations

- Retain the guarantee of coverage for poor children age 13-18, which is now being phased in.
- Require states to cover children and parents whose income is below current state AFDC standards as well as individuals who meet SSI disability and financial eligibility standards.
- Retain federal rules requiring states to provide services that are sufficient in amount, duration, and scope; tie a state's receipt of full umbrella payments to its provision of the full range of basic benefits.
- Maintain current EPSDT rules.
- Do not reduce state matching rates.
- Retain current prohibitions and limitations on financing gimmicks such as provider taxes and intergovernmental transfers.
- The basic grant should grow by some designated percentage above or below the actual inflation rate.
- Payments to states should decrease if caseload falls, as well as increasing if caseload rises.
- "Umbrella" payments should cover caseload increases for all beneficiary groups, including both mandatory and optional groups.
- Retain Title XIX as the basic law and amend it as desired to reflect agreed-upon changes.
- Continue to allow federal Medicaid claims to be brought in federal court.
- Continue to cover the full cost of co-payments for Qualified Medicare Beneficiaries.

APPENDIX A: ALTERNATIVE INTERPRETATIONS PRODUCE DIFFERENT PROBLEMS

The analysis in this paper assumes the most straightforward interpretation of federal Medicaid payments under the NGA proposal. We assume that the “basic grant” is intended: a) to fully cover projected caseload growth, including changes in the mix between high-cost and low-cost beneficiary groups; and b) to partially cover increases in the cost of delivering medical care. States would be guaranteed their basic grant. In addition, they would receive “umbrella” payments to fully cover the federal share of additional costs if caseload (or caseload mix) exceeded the initial projections.

Other formulations of the basic grant and umbrella payments also are possible. One such formulation may be significant because of its similarity to the Medigant II proposal advanced by the staff of the House Commerce Committee in January. Under the alternative formulation:

- Each year, the Department of Health and Human Services (HHS) would alter the distribution of basic grant funds among states. At the beginning of each fiscal year, the distribution used in the prior year would be revised to reflect the most recent state-by-state data on the distribution and case mix of Medicaid enrollees. Thus, if caseloads had grown faster than expected in one state and slower than expected in another, the basic grant to the first state would be adjusted upward while the basic grant to the second was adjusted downward.
- The *total* amount provided in basic grants to the 50 states and the District of Columbia would remain the same as initially set forth in the statute, with one exception. HHS would be required to increase the aggregate amount of the basic grants to cover caseload increases that HHS determined were generated by an economic slowdown. Any such increases in the aggregate amount of the basic grants would be temporary, lasting only as long as the slowdown.

This formulation would have the following effects:

- If some states chose, as a matter of policy, to squeeze providers and benefits harder so they could expand coverage within limited resources, all *other* states would find their basic grants reduced to offset the increase in caseload caused by the states that expanded coverage. This across-the-board reduction in basic grants would penalize states that chose the approach of providing more substantial benefits for those who are most vulnerable.

- The federal umbrella payments would fail to protect against the *cumulative* effect of caseload growth, despite the clear understanding of many governors that these payments should provide such protection. A simple example illustrates the problem. Suppose a state's basic grant includes a growth factor sufficient to cover a beneficiary population that grows at two percent per year. But suppose actual beneficiary growth turns out to be three percent per year. After the first year, the state would be covering one percent more beneficiaries than expected; after the second year, two percent, and so on. By 2002, the seventh year, the state caseload would be seven percent above expectations. But *the umbrella payment in 2002 would only cover one percent higher costs* — the difference between the expected two percent growth from 2001 to 2002 and the actual three percent growth.

HHS' annual redistribution of basic grant funds might make up for a portion of the six percent shortfall in this case, but almost certainly would not make up for most of this shortfall. To make up for all of this shortfall, the state in question would need to have received a six percent increase in its basic grant by 2002 beyond the basic grant level the statute originally envisioned for the state. For the state to have received a basic grant increase of this magnitude, the *national* Medicaid caseload would need to have remained at or below initial expectations during the 1996-2002 period. If the total amount of funding available for basic grants remained fixed at the levels set in the statute (as would occur in the absence of an economic slowdown), while the national caseload rose beyond expectations, the basic grants to the states experiencing caseload increases would not increase sufficiently to absorb these caseload increases fully into the state's "base."

Under the governors' plan, national caseload is likely to exceed initial expectations for two reasons. First, public policy in many states seems to favor expanded coverage, paid for by managed care efficiencies and, perhaps, restricted benefit packages. Second, the incentive for states to "game" the umbrella payments by enrolling many new, artificially cheap enrollees would likely lead to greater-than-anticipated caseload growth.

In short, under this interpretation of the governors' plan, states with unexpected caseload increases are likely to get inadequate fiscal protection, with the protection becoming more inadequate with each passing year.

- HHS would have considerable leeway in deciding the overall, national level of the basic grants as well as the level for each state. HHS would be

required to estimate what portion of caseload growth resulted from economic weakness. There is no objective, mechanical way to determine what portion of caseload changes result from the business cycle. HHS would have to use its judgment in this regard. That judgment would affect total federal Medicaid costs as well as each state's Medicaid grant level.

- The inability to predict state-by-state caseload growth rates with perfect precision would not be quite as costly to the federal government as described under the *"Heads I Win; Tails You Lose"* section of this report. That is because under this interpretation of the governors' proposal, errors made in developing the original predictions of state caseloads would not compound over time. States that reduce their caseload and reap a windfall would get a smaller windfall. The windfall also might be of shorter duration.

APPENDIX B: DATA AND METHODOLOGY

The CBO forecast of federal Medicaid spending from 1996 through 2002 is used as the projection of federal Medicaid expenditures under current law. The corresponding amount of total state baseline spending during this period is derived from the CBO forecast of federal Medicaid spending. Total state baseline spending is then divided among states in proportion to the state-by-state baseline spending projections that the Urban Institute issued in December 1995.²¹

It is assumed that gross federal Medicaid reductions would be made across-the-board and that the special payments for undocumented aliens (see footnote 13) would be distributed as specified in the reconciliation bill. An alternative assumption — that the level of grants (other than for undocumented aliens) would be *increased* across-the-board relative to the grant levels that would be made under the reconciliation bill, rather than reduced across-the-board relative to baseline levels — leads to aggregate results virtually identical to those presented here. Under the alternative approach, the state-by-state distribution of the cuts would differ, but the total amount of cuts would not.

Finally, the amounts assumed for the level of federal Medicaid reductions in 2002 under the President's budget and the latest Republican budget offer are taken from documents prepared by the Administration and the House and Senate Budget Committees. These documents show the level of federal Medicaid savings in 2002 under these budget plans.

²¹ See *The Impact of the "Medigrant" Plan on Federal Payments to State*, December 1995, prepared by John Holohan and David Liska of the Urban Institute for the Kaiser Commission on the Future of Medicaid, Table 7.

Appendix C: Federal Medical Assistance Percentages (FMAPs)*
(The percentage of Medicaid costs that the federal and state governments pay)

	Current law, 1996 est.		Reconciliation bill		NGA with 40% maximum**	
	Federal	State	Federal	State	Federal	State
Average	56.7%	43.3%	63.0%	37.0%	62.2%	37.8%
Alabama	69.9%	30.2%	72.9%	27.1%	69.9%	30.2%
Alaska	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Arizona	65.9%	34.2%	65.9%	34.2%	65.9%	34.2%
Arkansas	73.6%	26.4%	74.1%	25.9%	73.6%	26.4%
California	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Colorado	52.4%	47.6%	60.0%	40.0%	60.0%	40.0%
Connecticut	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Delaware	50.3%	49.7%	60.0%	40.0%	60.0%	40.0%
DC	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Florida	55.8%	44.2%	65.7%	34.3%	60.0%	40.0%
Georgia	61.9%	38.1%	61.9%	38.1%	61.9%	38.1%
Hawaii	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Idaho	68.8%	31.2%	68.8%	31.2%	68.8%	31.2%
Illinois	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Indiana	62.6%	37.4%	62.6%	37.4%	62.6%	37.4%
Iowa	64.2%	35.8%	64.2%	35.8%	64.2%	35.8%
Kansas	59.0%	41.0%	60.0%	40.0%	60.0%	40.0%
Kentucky	70.3%	29.7%	74.7%	25.3%	70.3%	29.7%
Louisiana	71.9%	28.1%	77.1%	22.9%	71.9%	28.1%
Maine	63.3%	36.7%	65.2%	34.8%	63.3%	36.7%
Maryland	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Massachusetts	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
Michigan	56.8%	43.2%	61.2%	38.8%	60.0%	40.0%
Minnesota	53.9%	46.1%	60.0%	40.0%	60.0%	40.0%
Mississippi	78.1%	21.9%	80.7%	19.3%	78.1%	21.9%
Missouri	60.1%	39.9%	60.5%	39.5%	60.1%	39.9%
Montana	69.4%	30.6%	69.4%	30.6%	69.4%	30.6%
Nebraska	59.5%	40.5%	60.0%	40.0%	60.0%	40.0%
Nevada	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
New Hampshire	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
New Jersey	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
New Mexico	72.9%	27.1%	73.0%	27.1%	72.9%	27.1%
New York	50.0%	50.0%	60.0%	40.0%	60.0%	40.0%
North Carolina	64.6%	35.4%	64.6%	35.4%	64.6%	35.4%
North Dakota	69.1%	30.9%	69.1%	30.9%	69.1%	30.9%
Ohio	60.2%	39.8%	60.2%	39.8%	60.2%	39.8%
Oklahoma	69.9%	30.1%	69.9%	30.1%	69.9%	30.1%
Oregon	61.0%	39.0%	61.0%	39.0%	61.0%	39.0%
Pennsylvania	52.9%	47.1%	60.0%	40.0%	60.0%	40.0%
Rhode Island	53.8%	46.2%	60.0%	40.0%	60.0%	40.0%
South Carolina	70.8%	29.2%	74.0%	26.0%	70.8%	29.2%
South Dakota	66.7%	33.3%	66.7%	33.3%	66.7%	33.3%
Tennessee	65.6%	34.4%	69.6%	30.4%	65.6%	34.4%
Texas	62.3%	37.7%	62.8%	37.3%	62.3%	37.7%
Utah	73.2%	26.8%	73.2%	26.8%	73.2%	26.8%
Vermont	60.9%	39.1%	60.9%	39.1%	60.9%	39.1%
Virginia	51.4%	48.6%	60.0%	40.0%	60.0%	40.0%
Washington	50.2%	49.8%	60.0%	40.0%	60.0%	40.0%
West Virginia	73.3%	26.7%	75.8%	24.2%	73.3%	26.7%
Wisconsin	59.7%	40.3%	60.0%	40.0%	60.0%	40.0%
Wyoming	59.7%	40.3%	60.0%	40.0%	60.0%	40.0%

* GAO estimate of State FMAPs. The national average is weighted in accordance with the Urban Institute's December 1995 estimate of the state-by-state distribution of baseline Medicaid spending from 1996 through 2002.

** It is unclear whether the governors' plan envisions that the matching rates be those which are shown in these two columns or those shown in the columns titled "reconciliation bill;" see page 16.

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MEMORANDUM

TO: Distribution

July 27, 1995

FR: Chris Jennings and Jen Klein

RE: Medicare and Medicaid State by State Analysis

Attached is the complete set of state by state analysis on the Republican Medicare and Medicaid cuts that we are releasing tomorrow. We are coordinating closely with communications within the White House and HHS to get widespread distribution, particularly in regional press. In addition, we are coordinating closely with Legislative Affairs, Intergovernmental Affairs, Public Liaison, Political Affairs, and Cabinet Affairs to distribute this document.

Highlights of this state by state report include:

- Total Medicare beneficiary out-of-pocket increases over the next seven years for individuals and couples
- The number of people who would lose their Medicaid coverage
- The combined effect of loss of funding resulting from Republican Medicare and Medicaid cuts
- **Over one-third of these combined cuts will come from just four states: California (\$54 billion), Florida (\$38 billion), New York (\$37 billion), and Texas (\$28 billion).**

This information can be distributed beginning tomorrow. We hope to get as much amplification on this story tomorrow; please understand that any contacts with the press should highlight the release of this report.

If you have any questions, please do not hesitate to call me at 456-5560.

THE WHITE HOUSE
Office of Media Affairs

FOR IMMEDIATE RELEASE
July 28, 1995

Contact: 202/456-7150

THE UNITED STATES
The Republican Budget Resolution Conference Agreement:
Impact of Medicare and Medicaid Cuts on States

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. **Over one-third of these cuts would come from just four states: California (\$54 billion), Florida (\$38 billion), New York (\$37 billion), and Texas (\$28 billion).** In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

These cuts will affect all states, but some states more so than others. States such as Florida and Texas, where there are high numbers of beneficiaries, will be particularly hard hit. **California, Florida, Texas, New York and Pennsylvania, for instance, will bear more than 40% of all the Medicare cuts. On a per beneficiary basis, Massachusetts, Tennessee, Alabama and Rhode Island would also have higher than average increases in the out-of-pocket costs.**

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

The Medicaid cuts have enormously different impacts on states. While all states will see about a one-third reduction in their Federal Medicaid spending, states with high growth -- for any reason, including recessions or an increase in their elderly population -- will be particularly hard hit. **New York and California alone will bear 20% of the total Medicaid cuts, while West Virginia, Florida, and Georgia will see the largest reductions as a proportion of their current Federal grant.**

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost-sharing increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

Effects of the Republicans' Balanced Budget Proposal (Conference Agreement)
Loss of Medicare and Medicaid Funding by State
(Dollars in Millions, Fiscal Years)

	2002			1996-2002		
	Medicare	Medicaid	Combined	Medicare	Medicaid	Combined
U.S.	71,000	51,150*	122,150*	270,000	171,803*	441,803*
Alabama	1,661	542	2,203	5,890	1,733	7,623
Alaska	42	121	163	166	429	595
Arizona	1,247	792	2,039	4,626	2,672	7,297
Arkansas	525	696	1,221	2,108	2,444	4,553
California	9,893	5,477	15,371	36,371	18,032	54,403
Colorado	959	475	1,434	3,434	1,654	5,088
Connecticut	1,042	486	1,528	3,968	1,423	5,391
Delaware	235	98	334	865	331	1,196
District of Columbia	1,197	259	1,456	3,778	863	4,641
Florida	7,789	2,704	10,493	28,098	9,691	37,789
Georgia	1,737	1,692	3,429	6,519	6,093	12,612
Hawaii	362	161	523	1,253	572	1,825
Idaho	125	160	285	520	542	1,062
Illinois	2,218	1,847	4,065	9,078	6,120	15,197
Indiana	1,312	1,290	2,602	5,092	4,269	9,361
Iowa	414	384	798	1,751	1,235	2,986
Kansas	697	228	925	2,650	663	3,313
Kentucky	809	1,121	1,930	3,227	3,828	7,056
Louisiana	1,330	1,511	2,841	5,062	5,151	10,213
Maine	193	236	429	807	675	1,483
Maryland	891	800	1,691	3,664	2,702	6,366
Massachusetts	2,569	1,305	3,874	9,464	4,291	13,755
Michigan	1,827	1,778	3,605	7,540	5,935	13,476
Minnesota	1,264	687	1,951	4,534	2,134	6,669
Mississippi	563	705	1,268	2,232	2,457	4,689
Missouri	1,280	433	1,714	5,073	1,235	6,308
Montana	131	211	342	538	766	1,303
Nebraska	283	224	506	1,126	728	1,854
Nevada	533	157	690	1,861	516	2,377
New Hampshire	244	40	284	924	51	975
New Jersey	1,940	1,188	3,129	7,727	3,701	11,428
New Mexico	208	389	598	844	1,352	2,196
New York	4,481	5,863	10,345	18,058	18,924	36,982
North Carolina	1,810	1,830	3,640	6,749	6,764	13,513
North Dakota	133	118	251	537	382	919
Ohio	2,161	2,124	4,285	8,868	7,088	15,956
Oklahoma	633	642	1,275	2,558	2,250	4,808
Oregon	844	516	1,360	3,092	1,838	4,930
Pennsylvania	3,785	1,906	5,691	15,053	6,123	21,175
Rhode Island	403	264	667	1,451	861	2,312
South Carolina	923	672	1,594	3,361	2,281	5,642
South Dakota	128	123	251	516	396	912
Tennessee	1,989	1,455	3,444	7,248	5,090	12,338
Texas	4,539	3,316	7,855	16,991	11,135	28,126
Utah	277	302	580	1,061	1,035	2,096
Vermont	88	99	187	356	318	673
Virginia	879	798	1,677	3,625	2,844	6,469
Washington	818	1,053	1,870	3,289	3,719	7,008
West Virginia	394	919	1,313	1,586	3,321	4,907
Wisconsin	765	883	1,648	3,182	2,903	6,085
Wyoming	41	72	112	179	245	424

MEDICARE ESTIMATES: Source: US DHHS. Savings estimates from Conference Agreement, as scored off of the CBO Medicare baseline. Based on historical state share of Medicare outlays, trended forward with growth in the states' share of outlays. Estimates based on Medicare outlays by location of service delivery. Thus, certain state estimates may be affected by part-year residency and state border crossing to obtain care (e.g., Florida & Minnesota).

MEDICAID ESTIMATES: Source: The Urban Institute. Assumes growth rates of 7.2% in 1996, 6.8% in 1997, and 4% for 1998 and subsequent years. Estimates do not correspond exactly to the CBO estimates of this proposals since the Urban Institute has independently constructed the states' baselines.

* Because the Medicaid estimates are not based on the CBO baseline, the totals are not equal to those in the Conference Agreement

**Effects of the Republican Resolution Agreement's Medicare Proposal On States
Losses by State Under the Proposal Relative to the President's Proposal
(Excluding Premium Extenders in President's Budget, Fiscal years)**

	Increased Out-of-Pocket Cost Per Beneficiary (Increase in dollars per beneficiary)
	1996-2002
US	\$2,825
Alabama	3,775
Alaska	1,350
Arizona	2,775
Arkansas	1,875
California	4,100
Colorado	3,000
Connecticut	3,250
Delaware	3,350
District of Columbia	NA
Florida	4,400
Georgia	3,025
Hawaii	3,050
Idaho	1,075
Illinois	2,200
Indiana	2,400
Iowa	1,300
Kansas	2,850
Kentucky	2,075
Louisiana	3,575
Maine	1,350
Maryland	2,275
Massachusetts	4,300
Michigan	2,100
Minnesota	2,900
Mississippi	2,175
Missouri	2,425
Montana	1,425
Nebraska	1,700
Nevada	3,000
New Hampshire	2,175
New Jersey	2,625
New Mexico	1,225
New York	2,825
North Carolina	2,400
North Dakota	2,025
Ohio	2,000
Oklahoma	2,000
Oregon	2,525
Pennsylvania	2,975
Rhode Island	3,650
South Carolina	2,425
South Dakota	1,625
Tennessee	3,850
Texas	3,125
Utah	1,925
Vermont	1,475
Virginia	1,500
Washington	1,675
West Virginia	1,800
Wisconsin	1,500
Wyoming	800
Puerto Rico	875

Source: US DHHS. Savings estimates from Conference Agreement, as scored off of the CBO Medicare baseline. Rounded to the nearest \$25

Variation in the costs per beneficiary across states reflects factors such as: (1) practice pattern differences,

(2) cost differences; (3) differences in health status and the number of very old persons in a state;

and (4) differences in the supply of health care providers.

NOTES: Assumes that increases in beneficiary out-of-pocket costs (e.g., premiums and coinsurance) are equal to 50% of the total cuts.

Based on historical state share of Medicare outlays & enrollment, trended forward with growth in the states' share of outlays & enrollment.

Estimates based on Medicare outlays by location of service delivery. Thus, certain state estimates may be affected by

part-year residency and state border crossing to obtain care (e.g., Florida & Minnesota).

State border crossing makes the District of Columbia estimates unreliable.

REVISED: July 12, 1995

States' Losses Under a Medicaid Block Grant, 1996 - 2002
Republicans' Balanced Budget Proposal (Conference Agreement)
(Dollars in Millions, Fiscal Years)

Losses in Dollars (1996-2002)		Losses as a Percent of Spending in 2002	
U.S.	(171,803)	U.S.	-28.9%
New York	(18,924)	West Virginia	-35.5%
California	(18,032)	Florida	-35.2%
Texas	(11,135)	Georgia	-34.5%
Florida	(9,691)	New Mexico	-33.9%
Ohio	(7,088)	North Carolina	-33.8%
North Carolina	(6,764)	Arkansas	-33.4%
Pennsylvania	(6,123)	Montana	-33.2%
Illinois	(6,120)	Virginia	-32.8%
Georgia	(6,093)	Arizona	-32.5%
Michigan	(5,935)	Kentucky	-32.4%
Louisiana	(5,151)	Alaska	-32.3%
Tennessee	(5,090)	Tennessee	-31.7%
Massachusetts	(4,291)	Hawaii	-31.7%
Indiana	(4,269)	Maryland	-31.6%
Kentucky	(3,828)	Utah	-31.5%
Washington	(3,719)	Oregon	-31.3%
New Jersey	(3,701)	Colorado	-31.2%
West Virginia	(3,321)	Oklahoma	-31.2%
Wisconsin	(2,903)	Washington	-31.1%
Virginia	(2,844)	District of Columbia	-30.7%
Maryland	(2,702)	California	-30.5%
Arizona	(2,672)	Delaware	-30.5%
Mississippi	(2,457)	Wyoming	-30.3%
Arkansas	(2,444)	Mississippi	-30.1%
South Carolina	(2,281)	Indiana	-29.9%
Oklahoma	(2,250)	Illinois	-29.8%
Minnesota	(2,134)	Michigan	-29.7%
Oregon	(1,838)	Idaho	-29.4%
Alabama	(1,733)	Texas	-29.2%
Colorado	(1,654)	Nevada	-29.0%
Connecticut	(1,423)	Wisconsin	-28.8%
New Mexico	(1,352)	Ohio	-28.3%
Missouri	(1,235)	South Dakota	-27.8%
Iowa	(1,235)	Massachusetts	-27.7%
Utah	(1,035)	Nebraska	-27.3%
District of Columbia	(863)	Vermont	-27.0%
Rhode Island	(861)	Pennsylvania	-26.8%
Montana	(766)	Iowa	-26.6%
Nebraska	(728)	New York	-26.6%
Maine	(675)	Rhode Island	-26.3%
Kansas	(663)	North Dakota	-25.8%
Hawaii	(572)	Minnesota	-25.4%
Idaho	(542)	Louisiana	-24.6%
Nevada	(516)	South Carolina	-24.4%
Alaska	(429)	New Jersey	-23.3%
South Dakota	(396)	Alabama	-21.8%
North Dakota	(382)	Maine	-21.6%
Delaware	(331)	Kansas	-21.1%
Vermont	(318)	Connecticut	-20.7%
Wyoming	(245)	Missouri	-16.5%
New Hampshire	(51)	New Hampshire	-6.3%

Source: The Urban Institute. Assumes growth rates of 7.2% in 1996, 6.8% in 1997, and 4% for 1998 and subsequent years. Estimates do not correspond exactly to the CBO estimates of this proposals since the Urban Institute has independently constructed the states' baselines.

THE WHITE HOUSE
Office of Media Affairs

FOR IMMEDIATE RELEASE
July 28, 1995

Contact: 202/456-7150

ALABAMA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Alabama**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Alabama by \$8 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Alabama's over 630,000 Medicare beneficiaries would pay as much as \$3,775 more in premiums and copayments over the seven years; couples would pay at least \$7,550 more. Overall, the state of Alabama would lose \$2 billion in Medicare funding in 2002, and \$6 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Alabama would lose \$542 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 22% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 544,000 recipients. According to this study, these cuts would mean that Alabama could have to cut off coverage for 102,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

ALASKA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Alaska**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Alaska by \$595 million.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Alaska's over 32,000 Medicare beneficiaries would pay as much as \$1,350 more in premiums and copayments over the seven years; couples would pay at least \$2,700 more. Overall, the state of Alaska would lose \$42 million in Medicare funding in 2002, and \$166 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Alaska would lose \$121 million in Federal Medicaid funding in 2002 and \$429 million over the seven years, a reduction of 32% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 69,000 recipients. According to this study, these cuts would mean that Alaska could have to cut off coverage for 22,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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ARIZONA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Arizona**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Arizona by \$7 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Arizona's over 577,000 Medicare beneficiaries would pay as much as \$2,775 more in premiums and copayments over the seven years; couples would pay at least \$5,550 more. Overall, the state of Arizona would lose \$1 billion in Medicare funding in 2002, and \$5 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Arizona would lose \$792 million in Federal Medicaid funding in 2002 and \$3 billion over the seven years, a reduction of 33% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 510,000 recipients. According to this study, these cuts would mean that Arizona could have to cut off coverage for 110,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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ARKANSAS

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Arkansas**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Arkansas by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Arkansas's over 416,000 Medicare beneficiaries would pay as much as \$1,875 more in premiums and copayments over the seven years; couples would pay at least \$3,750 more. Overall, the state of Arkansas would lose \$525 million in Medicare funding in 2002, and \$2 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Arkansas would lose \$696 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 33% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 340,000 recipients. According to this study, these cuts would mean that Arkansas could have to cut off coverage for 122,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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CALIFORNIA
The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on California

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to California by \$54 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of California's over 3.6 million Medicare beneficiaries would pay as much as \$4,100 more in premiums and copayments over the seven years; couples would pay at least \$8,200 more. Overall, the state of California would lose \$10 billion in Medicare funding in 2002, and \$36 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of California would lose \$5 billion in Federal Medicaid funding in 2002 and \$18 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 5.0 million recipients. According to this study, these cuts would mean that California could have to cut off coverage for 1.2 million recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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COLORADO
The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Colorado

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Colorado by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Colorado's over 409,000 Medicare beneficiaries would pay as much as \$3,000 more in premiums and copayments over the seven years; couples would pay at least \$6,000 more. Overall, the state of Colorado would lose \$959 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Colorado would lose \$475 billion in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 289,000 recipients. According to this study, these cuts would mean that Colorado could have to cut off coverage for 97,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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CONNECTICUT

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Connecticut**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Connecticut by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Connecticut's over 497,000 Medicare beneficiaries would pay as much as \$3,250 more in premiums and copayments over the seven years; couples would pay at least \$6,500 more. Overall, the state of Connecticut would lose \$1 billion in Medicare funding in 2002, and \$4 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Connecticut would lose \$486 million in Federal Medicaid funding in 2002 and \$1 billion over the seven years, a reduction of 21% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 354,000 recipients. According to this study, these cuts would mean that Connecticut could have to cut off coverage for 74,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

DELAWARE

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Delaware**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Delaware by \$1 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Delaware's over 98,000 Medicare beneficiaries would pay as much as \$3,350 more in premiums and copayments over the seven years; couples would pay at least \$6,700 more. Overall, the state of Delaware would lose \$235 million in Medicare funding in 2002, and \$865 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Delaware would lose \$98 million in Federal Medicaid funding in 2002 and \$331 million over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 75,000 recipients. According to this study, these cuts would mean that Delaware could have to cut off coverage for 21,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

DISTRICT OF COLUMBIA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on the District of Columbia**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to the District of Columbia by \$5 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Overall, the District of Columbia would lose \$1 billion in Medicare funding in 2002, and \$4 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the District of Columbia would lose \$259 million in Federal Medicaid funding in 2002 and \$863 million over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the District's current 127,000 recipients. According to this study, these cuts would mean that District of Columbia could have to cut off coverage for 20,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

FLORIDA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Florida**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Florida by \$38 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Florida's over 2.6 million Medicare beneficiaries would pay as much as \$4,400 more in premiums and copayments over the seven years; couples would pay at least \$8,800 more. Overall, the state of Florida would lose \$8 billion in Medicare funding in 2002, and \$28 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Florida would lose \$3 billion in Federal Medicaid funding in 2002 and \$10 billion over the seven years, a reduction of 35% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.7 million recipients. According to this study, these cuts would mean that Florida could have to cut off coverage for 706,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

GEORGIA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Georgia**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Georgia by \$13 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Georgia's over 811,000 Medicare beneficiaries would pay as much as \$3,025 more in premiums and copayments over the seven years; couples would pay at least \$6,050 more. Overall, the state of Georgia would lose \$2 billion in Medicare funding in 2002, and \$7 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Georgia would lose \$2 billion in Federal Medicaid funding in 2002 and \$6 billion over the seven years, a reduction of 35% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.1 million recipients. According to this study, these cuts would mean that Georgia could have to cut off coverage for 383,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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HAWAII

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Hawaii**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Hawaii by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Hawaii's over 146,000 Medicare beneficiaries would pay as much as \$3,050 more in premiums and copayments over the seven years; couples would pay at least \$6,100 more. Overall, the state of Hawaii would lose \$362 million in Medicare funding in 2002, and \$1 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Hawaii would lose \$161 million in Federal Medicaid funding in 2002 and \$572 million over the seven years, a reduction of 32% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 121,000 recipients. According to this study, these cuts would mean that Hawaii could have to cut off coverage for 36,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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IDAHO

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Idaho**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Idaho by \$1 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Idaho's over 146,000 Medicare beneficiaries would pay as much as \$1,075 more in premiums and copayments over the seven years; couples would pay at least \$2,150 more. Overall, the state of Idaho would lose \$125 million in Medicare funding in 2002, and \$520 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Idaho would lose \$160 million in Federal Medicaid funding in 2002 and \$542 million over the seven years, a reduction of 29% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 110,000 recipients. According to this study, these cuts would mean that Idaho could have to cut off coverage for 34,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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ILLINOIS

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Illinois**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Illinois by \$15 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Illinois's over 1.6 million Medicare beneficiaries would pay as much as \$2,200 more in premiums and copayments over the seven years; couples would pay at least \$4,400 more. Overall, the state of Illinois would lose \$2 billion in Medicare funding in 2002, and \$9 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Illinois would lose \$2 billion in Federal Medicaid funding in 2002 and \$6 billion over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.4 million recipients. According to this study, these cuts would mean that Illinois could have to cut off coverage for 274,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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INDIANA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Indiana**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Indiana by \$9 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Indiana's over 813,000 Medicare beneficiaries would pay as much as \$2,400 more in premiums and copayments over the seven years; couples would pay at least \$4,800 more. Overall, the state of Indiana would lose \$1 billion in Medicare funding in 2002, and \$5 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Indiana would lose \$1 billion in Federal Medicaid funding in 2002 and \$4 billion over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 605,000 recipients. According to this study, these cuts would mean that Indiana could have to cut off coverage for 112,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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IOWA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Iowa**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Iowa by \$3 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Iowa's over 472,000 Medicare beneficiaries would pay as much as \$1,300 more in premiums and copayments over the seven years; couples would pay at least \$2,600 more. Overall, the state of Iowa would lose \$414 million in Medicare funding in 2002, and \$2 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Iowa would lose \$384 million in Federal Medicaid funding in 2002 and \$1 billion over the seven years, a reduction of 27% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 303,000 recipients. According to this study, these cuts would mean that Iowa could have to cut off coverage for 69,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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KANSAS

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Kansas**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Kansas by \$3 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Kansas's over 380,000 Medicare beneficiaries would pay as much as \$2,850 more in premiums and copayments over the seven years; couples would pay at least \$5,700 more. Overall, the state of Kansas would lose \$697 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Kansas would lose \$228 million in Federal Medicaid funding in 2002 and \$663 million over the seven years, a reduction of 21% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 252,000 recipients. According to this study, these cuts would mean that Kansas could have to cut off coverage for 40,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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KENTUCKY
The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Kentucky

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Kentucky by \$7 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Kentucky's over 575,000 Medicare beneficiaries would pay as much as \$2,075 more in premiums and copayments over the seven years; couples would pay at least \$4,150 more. Overall, the state of Kentucky would lose \$809 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Kentucky would lose \$1 billion in Federal Medicaid funding in 2002 and \$4 billion over the seven years, a reduction of 32% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 638,000 recipients. According to this study, these cuts would mean that Kentucky could have to cut off coverage for 171,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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LOUISIANA
**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Louisiana**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Louisiana by \$10 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Louisiana's over 572,000 Medicare beneficiaries would pay as much as \$3,575 more in premiums and copayments over the seven years; couples would pay at least \$7,150 more. Overall, the state of Louisiana would lose \$1 billion in Medicare funding in 2002, and \$5 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Louisiana would lose \$2 billion in Federal Medicaid funding in 2002 and \$5 billion over the seven years, a reduction of 25% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 778,000 recipients. According to this study, these cuts would mean that Louisiana could have to cut off coverage for 154,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MAINE

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Maine**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Maine by \$1 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Maine's over 198,000 Medicare beneficiaries would pay as much as \$1,350 more in premiums and copayments over the seven years; couples would pay at least \$2,700 more. Overall, the state of Maine would lose \$193 million in Medicare funding in 2002, and \$807 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Maine would lose \$236 million in Federal Medicaid funding in 2002 and \$675 million over the seven years, a reduction of 22% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 177,000 recipients. According to this study, these cuts would mean that Maine could have to cut off coverage for 34,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MARYLAND

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Maryland**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Maryland by \$6 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Maryland's over 591,000 Medicare beneficiaries would pay as much as \$2,275 more in premiums and copayments over the seven years; couples would pay at least \$4,550 more. Overall, the state of Maryland would lose \$891 million in Medicare funding in 2002, and \$4 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Maryland would lose \$800 million in Federal Medicaid funding in 2002 and \$3 billion over the seven years, a reduction of 32% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 415,000 recipients. According to this study, these cuts would mean that Maryland could have to cut off coverage for 116,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MASSACHUSETTS

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Massachusetts**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Massachusetts by \$14 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Massachusetts's over 923,000 Medicare beneficiaries would pay as much as \$4,300 more in premiums and copayments over the seven years; couples would pay at least \$8,600 more. Overall, the state of Massachusetts would lose \$3 billion in Medicare funding in 2002, and \$9 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Massachusetts would lose \$1 billion in Federal Medicaid funding in 2002 and \$4 billion over the seven years, a reduction of 28% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 710,000 recipients. According to this study, these cuts would mean that Massachusetts could have to cut off coverage for 210,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MICHIGAN

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Michigan**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Michigan by \$13 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Michigan's over 1.3 million Medicare beneficiaries would pay as much as \$2,100 more in premiums and copayments over the seven years; couples would pay at least \$4,200 more. Overall, the state of Michigan would lose \$2 billion in Medicare funding in 2002, and \$8 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Michigan would lose \$2 billion in Federal Medicaid funding in 2002 and \$6 billion over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.2 million recipients. According to this study, these cuts would mean that Michigan could have to cut off coverage for 215,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MINNESOTA
The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Minnesota

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Minnesota by \$7 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Minnesota's over 623,000 Medicare beneficiaries would pay as much as \$2,900 more in premiums and copayments over the seven years; couples would pay at least \$5,800 more. Overall, the state of Minnesota would lose \$1 billion in Medicare funding in 2002, and \$5 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Minnesota would lose \$687 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 25% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 426,000 recipients. According to this study, these cuts would mean that Minnesota could have to cut off coverage for 88,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MISSISSIPPI

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Mississippi**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Mississippi by \$5 billion.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Mississippi's over 390,000 Medicare beneficiaries would pay as much as \$2,175 more in premiums and copayments over the seven years; couples would pay at least \$4,350 more. Overall, the state of Mississippi would lose \$563 million in Medicare funding in 2002, and \$2 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Mississippi would lose \$705 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 537,000 recipients. According to this study, these cuts would mean that Mississippi could have to cut off coverage for 141,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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MISSOURI

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Missouri**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Missouri by \$6 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Missouri's over 823,000 Medicare beneficiaries would pay as much as \$2,425 more in premiums and copayments over the seven years; couples would pay at least \$4,850 more. Overall, the state of Missouri would lose \$1 billion in Medicare funding in 2002, and \$5 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Missouri would lose \$433 million in Federal Medicaid funding in 2002 and \$1 billion over the seven years, a reduction of 17% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 669,000 recipients. According to this study, these cuts would mean that Missouri could have to cut off coverage for 83,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

THE WHITE HOUSE
Office of Media Affairs

FOR IMMEDIATE RELEASE
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Contact: 202/456-7150

MONTANA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Montana**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Montana by \$1 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Montana's over 127,000 Medicare beneficiaries would pay as much as \$1,425 more in premiums and copayments over the seven years; couples would pay at least \$2,850 more. Overall, the state of Montana would lose \$131 million in Medicare funding in 2002, and \$538 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Montana would lose \$211 million in Federal Medicaid funding in 2002 and \$766 million over the seven years, a reduction of 33% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 96,000 recipients. According to this study, these cuts would mean that Montana could have to cut off coverage for 27,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEBRASKA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Nebraska**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Nebraska by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Nebraska's over 247,000 Medicare beneficiaries would pay as much as \$1,700 more in premiums and copayments over the seven years; couples would pay at least \$3,400 more. Overall, the state of Nebraska would lose \$283 million in Medicare funding in 2002, and \$1 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Nebraska would lose \$224 million in Federal Medicaid funding in 2002 and \$728 million over the seven years, a reduction of 27% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 164,000 recipients. According to this study, these cuts would mean that Nebraska could have to cut off coverage for 41,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEVADA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Nevada**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Nevada by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Nevada's over 182,000 Medicare beneficiaries would pay as much as \$3,000 more in premiums and copayments over the seven years; couples would pay at least \$6,000 more. Overall, the state of Nevada would lose \$533 million in Medicare funding in 2002, and \$2 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Nevada would lose \$157 million in Federal Medicaid funding in 2002 and \$516 million over the seven years, a reduction of 29% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 95,000 recipients. According to this study, these cuts would mean that Nevada could have to cut off coverage for 26,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEW HAMPSHIRE

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on New Hampshire**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans.

Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to New Hampshire by \$975 million.

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of New Hampshire's over 152,000 Medicare beneficiaries would pay as much as \$2,175 more in premiums and copayments over the seven years; couples would pay at least \$4,350 more. Overall, the state of New Hampshire would lose \$244 million in Medicare funding in 2002, and \$924 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of New Hampshire would lose \$40 million in Federal Medicaid funding in 2002 and \$51 million over the seven years, a reduction of 6% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 88,000 recipients. According to this study, these cuts would mean that New Hampshire could have to cut off coverage for 1,100 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEW JERSEY

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on New Jersey**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to New Jersey by \$11 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of New Jersey's over 1.2 million Medicare beneficiaries would pay as much as \$2,625 more in premiums and copayments over the seven years; couples would pay at least \$5,250 more. Overall, the state of New Jersey would lose \$2 billion in Medicare funding in 2002, and \$8 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of New Jersey would lose \$1 billion in Federal Medicaid funding in 2002 and \$4 billion over the seven years, a reduction of 23% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 790,000 recipients. According to this study, these cuts would mean that New Jersey could have to cut off coverage for 166,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEW MEXICO
**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on New Mexico**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to New Mexico by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of New Mexico's over 205,000 Medicare beneficiaries would pay as much as \$1,225 more in premiums and copayments over the seven years; couples would pay at least \$2,450 more. Overall, the state of New Mexico would lose \$208 million in Medicare funding in 2002, and \$844 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of New Mexico would lose \$389 million in Federal Medicaid funding in 2002 and \$1 billion over the seven years, a reduction of 34% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 268,000 recipients. According to this study, these cuts would mean that New Mexico could have to cut off coverage for 80,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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NEW YORK

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on New York**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to New York by \$37 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of New York's over 2.6 million Medicare beneficiaries would pay as much as \$2,825 more in premiums and copayments over the seven years; couples would pay at least \$5,650 more. Overall, the state of New York would lose \$4 billion in Medicare funding in 2002, and \$18 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of New York would lose \$6 billion in Federal Medicaid funding in 2002 and \$19 billion over the seven years, a reduction of 27% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 2.9 million recipients. According to this study, these cuts would mean that New York could have to cut off coverage for 645,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

NORTH CAROLINA
**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on North Carolina**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to North Carolina by \$14 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of North Carolina's over 999,000 Medicare beneficiaries would pay as much as \$2,400 more in premiums and copayments over the seven years; couples would pay at least \$4,800 more. Overall, the state of North Carolina would lose \$2 billion in Medicare funding in 2002, and \$7 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of North Carolina would lose \$2 billion in Federal Medicaid funding in 2002 and \$7 billion over the seven years, a reduction of 34% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 985,000 recipients. According to this study, these cuts would mean that North Carolina could have to cut off coverage for 455,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

NORTH DAKOTA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on North Dakota**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to North Dakota by \$919 million.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of North Dakota's over 102,000 Medicare beneficiaries would pay as much as \$2,025 more in premiums and copayments over the seven years; couples would pay at least \$4,050 more. Overall, the state of North Dakota would lose \$133 million in Medicare funding in 2002, and \$537 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of North Dakota would lose \$118 million in Federal Medicaid funding in 2002 and \$382 million over the seven years, a reduction of 26% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 63,000 recipients. According to this study, these cuts would mean that North Dakota could have to cut off coverage for 18,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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OHIO

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Ohio**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Ohio by \$16 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Ohio's over 1.6 million Medicare beneficiaries would pay as much as \$2,000 more in premiums and copayments over the seven years; couples would pay at least \$4,000 more. Overall, the state of Ohio would lose \$2 billion in Medicare funding in 2002, and \$9 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Ohio would lose \$2 billion in Federal Medicaid funding in 2002 and \$7 billion over the seven years, a reduction of 28% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.5 million recipients. According to this study, these cuts would mean that Ohio could have to cut off coverage for 292,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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OKLAHOMA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Oklahoma**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Oklahoma by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Oklahoma's over 479,000 Medicare beneficiaries would pay as much as \$2,000 more in premiums and copayments over the seven years; couples would pay at least \$4,000 more. Overall, the state of Oklahoma would lose \$633 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Oklahoma would lose \$642 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 391,000 recipients. According to this study, these cuts would mean that Oklahoma could have to cut off coverage for 125,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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OREGON

The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Oregon

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Oregon by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Oregon's over 460,000 Medicare beneficiaries would pay as much as \$2,525 more in premiums and copayments over the seven years; couples would pay at least \$5,050 more. Overall, the state of Oregon would lose \$844 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Oregon would lose \$516 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 411,000 recipients. According to this study, these cuts would mean that Oregon could have to cut off coverage for 118,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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PENNSYLVANIA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Pennsylvania**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Pennsylvania by \$21 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Pennsylvania's over 2.1 million Medicare beneficiaries would pay as much as \$2,975 more in premiums and copayments over the seven years; couples would pay at least \$5,950 more. Overall, the state of Pennsylvania would lose \$4 billion in Medicare funding in 2002, and \$15 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Pennsylvania would lose \$2 billion in Federal Medicaid funding in 2002 and \$6 billion over the seven years, a reduction of 27% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 1.3 million recipients. According to this study, these cuts would mean that Pennsylvania could have to cut off coverage for 308,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

THE WHITE HOUSE
Office of Media Affairs

FOR IMMEDIATE RELEASE
July 28, 1995

Contact: 202/456-7150

RHODE ISLAND

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Rhode Island**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Rhode Island by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Rhode Island's over 166,000 Medicare beneficiaries would pay as much as \$3,650 more in premiums and copayments over the seven years; couples would pay at least \$7,300 more. Overall, the state of Rhode Island would lose \$403 million in Medicare funding in 2002, and \$1 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Rhode Island would lose \$264 million in Federal Medicaid funding in 2002 and \$861 million over the seven years, a reduction of 26% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 115,000 recipients. According to this study, these cuts would mean that Rhode Island could have to cut off coverage for 51,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

SOUTH CAROLINA
The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on South Carolina

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to South Carolina by \$6 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of South Carolina's over 495,000 Medicare beneficiaries would pay as much as \$2,425 more in premiums and copayments over the seven years; couples would pay at least \$4,850 more. Overall, the state of South Carolina would lose \$923 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of South Carolina would lose \$672 million in Federal Medicaid funding in 2002 and \$2 billion over the seven years, a reduction of 24% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 486,000 recipients. According to this study, these cuts would mean that South Carolina could have to cut off coverage for 149,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

SOUTH DAKOTA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on South Dakota**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to South Dakota by \$912 million.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of South Dakota's over 116,000 Medicare beneficiaries would pay as much as \$1,625 more in premiums and copayments over the seven years; couples would pay at least \$3,250 more. Overall, the state of South Dakota would lose \$128 million in Medicare funding in 2002, and \$516 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of South Dakota would lose \$123 million in Federal Medicaid funding in 2002 and \$396 million over the seven years, a reduction of 28% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 72,000 recipients. According to this study, these cuts would mean that South Dakota could have to cut off coverage for 19,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

TENNESSEE

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Tennessee**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Tennessee by \$12 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Tennessee's over 753,000 Medicare beneficiaries would pay as much as \$3,850 more in premiums and copayments over the seven years; couples would pay at least \$7,700 more. Overall, the state of Tennessee would lose \$2 billion in Medicare funding in 2002, and \$7 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Tennessee would lose \$1 billion in Federal Medicaid funding in 2002 and \$5 billion over the seven years, a reduction of 32% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 939,000 recipients. According to this study, these cuts would mean that Tennessee could have to cut off coverage for 246,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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TEXAS

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Texas**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Texas by \$28 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Texas's over 2.0 million Medicare beneficiaries would pay as much as \$3,125 more in premiums and copayments over the seven years; couples would pay at least \$6,250 more. Overall, the state of Texas would lose \$5 billion in Medicare funding in 2002, and \$17 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Texas would lose \$3 billion in Federal Medicaid funding in 2002 and \$11 billion over the seven years, a reduction of 29% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 2.5 million recipients. According to this study, these cuts would mean that Texas could have to cut off coverage for 687,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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UTAH

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Utah**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Utah by \$2 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Utah's over 182,000 Medicare beneficiaries would pay as much as \$1,925 more in premiums and copayments over the seven years; couples would pay at least \$3,850 more. Overall, the state of Utah would lose \$277 million in Medicare funding in 2002, and \$1 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Utah would lose \$302 million in Federal Medicaid funding in 2002 and \$1 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 157,000 recipients. According to this study, these cuts would mean that Utah could have to cut off coverage for 53,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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VERMONT

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Vermont**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Vermont by \$673 million.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Vermont's over 81,000 Medicare beneficiaries would pay as much as \$1,475 more in premiums and copayments over the seven years; couples would pay at least \$2,950 more. Overall, the state of Vermont would lose \$88 million in Medicare funding in 2002, and \$356 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Vermont would lose \$99 million in Federal Medicaid funding in 2002 and \$318 million over the seven years, a reduction of 27% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 90,000 recipients. According to this study, these cuts would mean that Vermont could have to cut off coverage for 20,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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July 28, 1995

Contact: 202/456-7150

VIRGINIA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Virginia**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Virginia by \$6 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Virginia's over 798,000 Medicare beneficiaries would pay as much as \$1,500 more in premiums and copayments over the seven years; couples would pay at least \$3,000 more. Overall, the state of Virginia would lose \$879 million in Medicare funding in 2002, and \$4 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Virginia would lose \$798 million in Federal Medicaid funding in 2002 and \$3 billion over the seven years, a reduction of 33% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 643,000 recipients. According to this study, these cuts would mean that Virginia could have to cut off coverage for 236,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

THE WHITE HOUSE
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FOR IMMEDIATE RELEASE
July 28, 1995

Contact: 202/456-7150

WASHINGTON

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Washington**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Washington by \$7 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Washington's over 671,000 Medicare beneficiaries would pay as much as \$1,675 more in premiums and copayments over the seven years; couples would pay at least \$3,350 more. Overall, the state of Washington would lose \$818 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Washington would lose \$1 billion in Federal Medicaid funding in 2002 and \$4 billion over the seven years, a reduction of 31% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 668,000 recipients. According to this study, these cuts would mean that Washington could have to cut off coverage for 183,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

WEST VIRGINIA

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on West Virginia**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to West Virginia by \$5 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of West Virginia's over 325,000 Medicare beneficiaries would pay as much as \$1,800 more in premiums and copayments over the seven years; couples would pay at least \$3,600 more. Overall, the state of West Virginia would lose \$394 million in Medicare funding in 2002, and \$2 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of West Virginia would lose \$919 million in Federal Medicaid funding in 2002 and \$3 billion over the seven years, a reduction of 35% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 367,000 recipients. According to this study, these cuts would mean that West Virginia could have to cut off coverage for 140,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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July 28, 1995

Contact: 202/456-7150

WISCONSIN

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Wisconsin**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Wisconsin by \$6 billion.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Wisconsin's over 753,000 Medicare beneficiaries would pay as much as \$1,500 more in premiums and copayments over the seven years; couples would pay at least \$3,000 more. Overall, the state of Wisconsin would lose \$765 million in Medicare funding in 2002, and \$3 billion over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Wisconsin would lose \$883 million in Federal Medicaid funding in 2002 and \$3 billion over the seven years, a reduction of 29% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 474,000 recipients. According to this study, these cuts would mean that Wisconsin could have to cut off coverage for 94,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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Contact: 202/456-7150

WYOMING

**The Republican Budget Resolution Conference Agreement:
Impact of the Medicare and Medicaid Cuts on Wyoming**

Republicans are proposing to cut more than \$450 billion from health care between 1996 and 2002 -- \$270 billion from Medicare and \$182 billion from Medicaid. In combination, these cuts are more than four times anything ever enacted. Most of the \$270 billion in Medicare cuts would not be necessary without the Republicans' \$245 billion tax cut for well-off Americans. **Over the seven-year period, the combined Medicare and Medicaid cuts of the Republicans would reduce Federal health care dollars to Wyoming by \$424 million.**

Medicare

Nationally, the \$270 billion in Medicare cuts means that the average beneficiary would pay at least \$2,825 more in premiums and copayments over seven years; couples would pay at least another \$5,650. Under a recent House Republican proposal, in 2002 alone an average beneficiary in a nursing home would face an increase of at least \$1,400. Beneficiaries using home health care services would pay on average an additional \$1,700 in 2002.

Each of Wyoming's over 59,000 Medicare beneficiaries would pay as much as \$800 more in premiums and copayments over the seven years; couples would pay at least \$1,600 more. Overall, the state of Wyoming would lose \$41 million in Medicare funding in 2002, and \$179 million over seven years.

Medicaid

The Medicaid cuts proposed by Republicans would force states to slash services, provider payments, and eliminate coverage for 8.8 million children, elderly, and disabled individuals in 2002, according to the Urban Institute. The only way to avoid these reductions in coverage would be for states to increase their spending by 40% -- by raising property or sales taxes, or cutting other critical state spending.

Overall, the state of Wyoming would lose \$72 million in Federal Medicaid funding in 2002 and \$245 million over the seven years, a reduction of 30% in the year 2002 alone, according to the Urban Institute. This will have a devastating impact on the state's current 51,000 recipients. According to this study, these cuts would mean that Wyoming could have to cut off coverage for 15,000 recipients in 2002, likely adding them to the ranks of the uninsured.

The President's Balanced Budget Proposal

The President shows how it is possible to balance the budget, assure that the Medicare Trust Fund remains solvent for at least another decade, and expand benefits and choice of plans without imposing any new Medicare beneficiary cost increases. His Medicare savings, which are less than half (\$124 billion) of the Republican proposal (\$270 billion), come from health care providers and through a major new fraud and abuse initiative.

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S P E C I A L

REPORT

A Publication of Families USA, February, 1996

What Does the National Governors' Association Proposal Mean for Medicaid Beneficiaries?

OVERVIEW

On February 6, 1996, the National Governors' Association (NGA) unanimously approved a compromise proposal to restructure the Medicaid program. This proposal has been hailed as a breakthrough that could breathe new life into the stalled federal budget negotiations between the President and the Congress. Medicaid reform has been one of the most contentious issues between congressional leaders and the President. Thus, the compromise proposal raised hopes that a federal budget agreement is achievable.

The Governors' proposal reflects the positions of only one of the interest groups in the Medicaid program controversy—the Governors. Not surprisingly, the Governors seek to maximize federal funding while granting themselves the flexibility to cut their own Medicaid budgets. At the same time, the Governors want much more control over the program's operations. In asserting those interests, however, the Governors' proposal significantly weakens the program's historic protections for low- and moderate-income people who depend on Medicaid for their health care. It will also enable state governments to evade their fiscal obligations under the program, resulting in significant cutbacks of service to program beneficiaries.

The NGA's description of the proposal posits that it "guarantees health care to our

■
**All guarantees of
meaningful coverage
will be eliminated**
■

most needy citizens." But a review of the plan belies that assertion. Significant numbers of very vulnerable groups will lose existing or future coverage—including people with disabilities, seniors, older children, and families receiving public assistance. All guarantees of meaningful coverage will be eliminated. New and unaffordable cost-sharing requirements may be imposed. Federal standards for quality of health care will be nullified. And the ability of program beneficiaries to enforce remaining rights will be weakened.



THE CONSUMER VOICE
FOR HEALTH CARE

1334 G Street, NW
Washington, DC 20005

file medicaid

TO: Hillary Rodham Clinton
Melanne Verveer
FROM: Jennifer Klein *JK.*
RE: National Governors' Association Medicaid Resolution
DATE: 2/9/96

The National Governors' Association (NGA) Medicaid resolution that passed on Tuesday has received a great deal of attention from the media, the Hill, and the health care provider and advocacy community. As a whole, the "right" has given this proposal widespread praise and has raised concern only about the resolution's financing provisions. The "left" has been extremely critical of the proposal, charging that the provisions on benefits, eligibility and enforcement strip the Medicaid program of its "guarantee."

This memo addresses the parts of the NGA proposal that relate to the guarantee. (While there are numerous outstanding issues, including how the resolution addresses quality standards, nursing home standard enforcement, and spousal impoverishment, we thought it was most important to focus on the fundamental structural issues first.) The memo also describes reactions from the Governors, the Hill and the interest groups.

NGA staff will brief White House and HHS staff on Monday evening to clarify their policy and to outline the process they have put in place to resolve remaining policy differences between Republican and Democratic Governors. We also understand that Leon plans to hold an internal meeting to discuss the resolution and that a meeting with the President may follow.

BACKGROUND

From the beginning of the Medicaid debate, the Administration has consistently taken the position that it is possible to constrain program growth while still maintaining Medicaid's guarantee of coverage to the elderly, the disabled, children and pregnant women. The Medicaid portion of the President's balanced budget proposal provides unprecedented flexibility for states while maintaining the guarantee and saving \$59 billion over seven years.

Over the past several months, the Governors have attempted to hammer out a compromise Medicaid position to further the budget negotiations. The Democratic Governors worked tirelessly to move the Republicans from their insistence on a block grant, and the Republicans hesitantly agreed to a new funding formula that assures that federal dollars increase with enrollment increases during economic downturns. The Democratic Governors rightly believe that their success in getting the Republicans to agree to a guaranteed funding stream is a significant step forward. To achieve this victory, however, the outnumbered Democrats were apparently forced to give in on provisions that may well undermine the federal guarantee.

FOUR PARTS OF THE GUARANTEE UNDER MEDICAID

There are four elements that make up the Medicaid guarantee: financing, eligibility, benefits, and enforcement.

- **Financing Guarantee.** The NGA proposal seems to ensure that there will be adequate funding to maintain the guarantee by including an "umbrella" financing mechanism. This mechanism automatically provides additional federal support as economic downturns produce enrollment increases. Interestingly, the umbrella only increases, while under current law, federal financing rises and falls with changes in coverage and state contributions.

However, the NGA proposal lowers the required state match to from 50% to 40% (inserted at the last second for Governor Pataki). This could significantly decrease overall Medicaid spending. HHS estimates that the \$85 billion in federal savings would translate into \$290 billion in total spending reductions if all states matched at the minimum level. In addition, the state may be able to substitute state dollars with revenue raised through provider taxes and donations. Since this is "borrowed" money, it would effectively reduce states' real spending on Medicaid. We do not yet know how CBO will score these financing changes.

- **Eligibility Guarantee.** The NGA proposal seems to retain coverage for most groups who are currently eligible but has some notable exceptions. It repeals the phase-in of coverage by 2002 for poor children between the ages of 13 and 18 that was signed into law by President Bush in 1990. (According to the Children's Defense Fund, about three million children would lose coverage.) In addition, the proposal allows states to define disability, subject to federal approval, instead of requiring all states to meet a minimum federal definition, as is now the law. This could result in widespread variation in eligibility determinations among states and, in the minds of some, could threaten the guarantee of eligibility for people with disabilities.
- **Benefits Guarantee.** The NGA proposal leaves in place the current, nationally defined list of covered benefits for mandatory coverage groups. However, the proposal seems to eliminate the requirement that all medically necessary services within the benefit categories be provided. It also gives states unlimited discretion to determine the amount, duration and scope of services within benefit categories and permits states to offer different benefits to different groups of beneficiaries or in different areas of the state. For example, under these provisions, states could limit the number of hospital days per year provided to children, even if a doctor decides that the care is medically necessary. States could also decide to cover five days of hospital services for disabled children but only two days for people with AIDS. Finally, they could chose to cover a particular benefit in some areas of the state, but not for example, on an Indian reservation. Although the resolution's language seems fairly clear, it is hard to believe that the Governors, particularly the Democrats, really

intended to go this far on both mandatory and optional benefits.

The proposal also redefines the treatment portion of EPSDT (Early and Periodic Screening, Diagnosis and Treatment) so that "states need not cover all Medicaid optional services for children." They have not yet resolved what treatment would be covered.

- **Enforcement of the Guarantee.** The NGA proposal eliminates a federal cause of action by Medicaid beneficiaries. Claims brought by individuals to enforce their rights under Medicaid would be limited to state courts and state law. Only the Secretary of Health and Human Services could bring an action in federal court on behalf of Medicaid beneficiaries.

Attached is a more detailed description of the issues raised by the NGA proposal to eliminate the federal cause of action. The most significant problem is that, under this proposal, eligibility will vary between states because state courts will interpret the law differently. In addition, fewer remedies are available under state law than under federal law. The Secretary of Health and Human Services will be unable to litigate adequately on behalf of individuals because the significant new administrative burden that will be placed on the Department will likely cause delays and because the only remedy available to the Secretary is the withdrawal of funds (which will make matters worse for the recipients in the state).

REACTION TO THE NGA PROPOSAL

- **Governors' Position:** The six Governors on the Medicaid Policy Group (Romer, Chiles, Miller, Thompson, Engler and Leavitt) are working with NGA staff to clarify the Medicaid resolution and to resolve remaining disagreements.

As with any hastily drafted document, there are a number of provisions that Democratic Governors either did not know about or are uncomfortable with. It is not clear that the Democratic Governors intended to repeal Title XIX (Medicaid) completely. In addition, Governor Chiles was apparently unaware that the resolution repeals restrictions on the use of provider taxes and donations. Governor Romer has told us he is uncomfortable with the disability language and the reduction in state matching. And it seems that all the Democrats are uneasy with dropping the phase-in of 13 to 18 year old kids.

- **Hill Position:** Most Republicans, through the RNC and comments by the Speaker, are strongly embracing the NGA proposal. They claim that it is a virtual mirror-image of their Medigra proposal. Republicans are apparently planning to draft a bill quickly and dare us to criticize it. There are rumors that they may attach their interpretation of the NGA resolution to the debt ceiling bill.

The Republican reaction has fueled the suspicions of the Democrats and, with few exceptions, there has been a generally negative reaction to the NGA proposal. In the House, the "base" Democrats have charged that the proposal offers no guarantee and may even be a block grant in sheep's clothing. Congressman Stenholm and Congressman Dingell are concerned about the lack of state accountability, the reduction in state match, and the adequacy of the legal enforcement provisions. They argue that it is not unreasonable to expect federal eligibility requirements, standards and enforcement in return for a large federal investment.

On the Senate side, Senator Breaux has called for hearings so he can fully understand the implications of the proposal. Senator Chafee has raised significant concerns and has suggested that it appears to require federal maintenance of effort and little to no accountability. Clearly, however, both Senators Breaux and Chafee want to keep the Medicaid discussions alive for the sake of a budget deal and will continue to avoid being overly critical in public.

- **Interest Groups:** There has been a strong negative reaction from the groups, including the American Hospital Association, the American Academy of Pediatrics, the Catholic Health Association, the Children's Defense Fund, the Alzheimers' Association, and AIDS and other disability groups. These groups feel that enactment of a proposal like the Governors' resolution would end the guarantee and significantly increase the number of uninsured. The Office of Public Liaison is concerned because the President has won the trust of many groups by taking a strong stand on Medicaid; a reversal may be difficult to repair.

CONCLUSION

As you can see, we have real concerns. Things may change, however, as discussions with the NGA continue. We will keep you informed.

PRIVATE RIGHT OF ACTION

A Federal Private Right of Action is Important to Maintaining the Guarantee. The NGA proposal (and the Congressional conference report) have eliminated any federal cause of action by Medicaid beneficiaries. Claims brought by individuals to enforce their rights under Medicaid would be limited to state courts and state law. Only the Secretary of Health and Human Services could bring an action in federal court on behalf of Medicaid beneficiaries.

Both Republican and Democratic Governors want to reduce the number of Medicaid cases filed. In addition, they do not want court decisions from federal courts in other states to have any effect on how they run their Medicaid programs. While, under their proposal, cases heard in other states' courts would no longer have precedential value, it is not likely that fewer cases would be filed; they would simply be filed in state court.

Since the inception of the Medicaid program, a person eligible for Medicaid has had both a guarantee of access to certain services and the right to enforce this commitment. We believe that preservation of the *federal cause of action* for individuals to enforce Medicaid eligibility assures this guarantee.

- **Consistent Interpretation.** Those aspects of the Medicaid program that are common to all states -- like eligibility -- should be consistently interpreted and administered. The basic guarantee of who is covered should be uniform across the country; without a federal cause of action, it will not be. For example, under current interpretations, a woman who has a miscarriage is considered "pregnant" and therefore eligible for services for complications arising from the miscarriage. Under the NGA proposal, if a state improperly denied those services, she could no longer go to federal court to enforce her right. The issue would instead be litigated in fifty states; in some states, she would receive care while in others she might not.
- **Significant Limitation of Remedies.** Most state laws establish higher hurdles for plaintiffs and provide less relief than federal law. Under most state statutes that allow courts to review administrative actions, there is no *de novo* review (the record before the court is limited to information considered by the agency) and relief is granted only when a claimant can show that the agency action was arbitrary and capricious, not merely wrong. In addition, most state laws do not allow beneficiaries to recover attorneys' fees, making it more difficult for them to afford legal counsel.

The NGA proposal (and the conference report) maintains a right to sue in federal court through the Secretary of Health and Human Services. However, this poses three problems: (1) the Secretary can sue only if a state is in "substantial noncompliance"

-- a much higher standard than exists today; (2) the Health Care Financing Administration will become involved in greater numbers of lawsuits and face significant new administrative burdens; and (3) it is unclear what remedies are available. If the only remedy that the Secretary can seek is the withdrawal of federal funds, this would cause significant harm to the beneficiaries that the Secretary is supposed to represent (and might even make this remedy unusable).

- **Departure from Other Federal Statutes.** Eliminating the federal cause of action would single out Medicaid as the one federal statute that could not be enforced in federal court by its intended beneficiaries. Such an unprecedented step would be seen as a signal of second-class status and would set off a massive reaction from beneficiary groups and their allies.
- **Elimination of Remedies under Civil Rights Law.** While it is not clear that the NGA intends to go this far, the conference agreement precludes the right to enforce civil rights laws. Protection against discrimination in state programs has been established under the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and the Americans with Disabilities Act of 1990. If this is what the Governors intended, the civil rights community is likely to be very concerned.

The President's Proposal Increases Flexibility While Maintaining the Guarantee. The President's plan eliminates causes of action by providers over payment rates by repealing the Boren Amendment. This removes state officials' greatest source of concern over litigation and the most frequent basis for cases filed in federal court.

The proposal maintains current law on private enforcement of beneficiary rights under Medicaid. To address the Governors' concerns, eligibility claims could be separated from some benefits claims. On eligibility issues, which are most closely linked to the concept of a guarantee, individuals would retain their current right to bring suits in federal court. However, individuals would be required to exhaust a state administrative process before filing in court. Most claims involving benefits would be heard only in state courts. A benefits claim could be heard in federal court only if there were an allegation that the state plan or a contract between the state and a provider violated a provision of federal law.

Medicaid file

TALKING POINTS ON GOVERNORS' MEDICAID POLICY RESOLUTION

- We are pleased that the Governors' have passed a policy resolution that affirms our national commitment to the guarantee under Medicaid. We are also pleased that they have continued the financial partnership between the federal government and the states that allows Medicaid funding to follow increases in enrollment.
- As Congress considers this resolution, we need to make sure that that guarantee is real.
 - There must be a national guarantee to meaningful benefits.
 - There must be national guidelines for eligibility that protect those who are eligible under current law. For example, under current law, coverage for three million children between 13 and 17 is being phased in. That commitment should continue.
 - And we must preserve adequate enforcement to assure this guarantee.

CONCERNS/OUTSTANDING QUESTIONS
ABOUT THE NGA MEDICAID RESOLUTION

- **Eligibility concerns include:** *The repeal of the current law's phase-in for coverage of about 3 million children age 13-17; the devolution of the "disability" definition to the states; the limitation to "frail" elderly population seems to not include all elderly who are currently eligible; and the elimination of the required coverage of premiums for low-income Medicare beneficiaries between 100-120 percent of poverty is repealed.*
- **Benefit concerns include:** *The total discretion given to states to alter the amount/duration/scope of services; the repeal of the current law's comparability and statewideness requirement that ensure that recipients in particular groups or locations are not discriminated against; the apparent elimination of any defined benefit package for currently optional populations; and the vague redefinition of the "T" in the EPSDT children's health benefit.*
- **Enforcement concerns include:** *The state-based right of action process advocated by the Governors (and whether it will work to effectively ensure the guarantee).*
- **Financing concerns include:** *The exclusion of pregnant women and children, as well as the medically needy, from the Federally-financed "umbrella" pool payments; the inclusion in the base formula of the allowance that states can reduce their matching Medicaid rate -- the result producing an additional \$200 billion reduction in state Medicaid spending over seven years, bringing the total Federal/State cut to \$290 billion; the allowance for states to, once again, tax health care providers to help finance their state match; allowing for provider taxes will likely push up the cost of the program that CBO scores.*
- **Quality concerns include:** *The adequacy of the quality protections for plans under Medicaid, such as HMOs and other managed care plan; the apparent repeal of the state-based enforcement of Ronald Reagan's Federal nursing home standards. (The difference between them and us has always come down to definition and enforcement.)*

Medicaid file

THE WHITE HOUSE
WASHINGTON

February 19, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco, Laura Tyson and Alice Rivlin

SUBJECT: National Governors' Association Medicaid Resolution

This memo highlights our major concerns with the National Governors' Association (NGA) Medicaid resolution. It summarizes these concerns, outlines our current position with regard to each issue, suggests some possible fall-back positions, and provides you with a reading of the Democratic Governors' positions on each of these issues. It also includes a summary of the Hill and Interest Group reaction to the resolution. We thought you might find this to be useful background information for our Medicaid meeting with you tomorrow morning.

Background

Governors Chiles, Miller, Romer, Engler, Leavitt, and Thompson are coming back in town tomorrow. They are scheduled to testify at Medicaid hearings on Wednesday and Thursday before the House Commerce and Senate Finance Committees. The Governors' testimony will focus on the recently adopted National Governors' Association resolution, and they will attempt to begin to fill in some of the details behind this resolution. Next week, Secretary Shalala has been invited to appear before the Senate Finance Committee to outline the Administration's response to the NGA resolution.

The six Governors will also meet for three hours tomorrow evening to prepare for their Wednesday hearing. The Democratic Governors want to continue to work closely with us and will meet with us before meeting with the Republican Governors. They rightly believe they achieved a significant victory by getting the Republicans to agree to a new financing mechanism that ensures that "dollars follow people." They also believe that there are a number of provisions that were vaguely drafted, which have been interpreted by many as extremely problematic (such as the NGA benefits section), that can be "clarified" through the normal NGA policy development process. Having said this, the Democratic Governors also acknowledge that they are a number of significant flaws in the NGA agreement that should be addressed.

Where We Agree with NGA

Before outlining our differences and concerns with the NGA resolution, it is important to summarize briefly where we have significant agreement. Your Medicaid reforms include at least 12 NGA-endorsed flexibility recommendations, including arguably the three most important structural changes:

- (1) **The establishment of a new financing mechanism that links and constrains federal financing to enrollment through the use of an open-ended "umbrella" that assures that "dollars follow people" and that states are protected from economic downturns;**
- (2) **The repeal of the Boren amendment and other federal provider reimbursement requirements; and**
- (3) **The liberation of states from the waiver process for:**
 - **Managed care**
 - **Home and community-based care**
 - **Coverage expansions up to 150 percent of poverty**

Outstanding Issues Related to NGA Resolution

There are three sets of issues that will be debated in the legislative process: (1) the "guarantee"; (2) second tier issues; and (3) the Title XIX debate.

The "Guarantee." Those issues that are directly related to the Medicaid "guarantee" (financing, eligibility, benefits and enforcement) will demand most of your attention and are the focus of this memo.

Second Tier, But Critical Issues. There are "second tier" issues, such as nursing home standard enforcement, financial protections for families (like spousal impoverishment), and managed care quality assurance, that will require Administration attention should negotiations progress. These issues helped us personalize the Republican Medicaid cuts and they are viewed as critical by most Democrats. (For example, Senator Pryor feels strongly about the nursing home enforcement issue.)

The Title XIX Debate. Finally, the Republican desire to repeal title XIX and substitute a new Medicaid title raises a host of concerns. Drafting a brand new title for Medicaid in the limited time we have left in this Congress would inevitably lead to unforeseen legal, policy and political consequences. This would include having to determine how to deal with case law -- such as what is the definition of "medical necessity" -- that has developed over the past 30 years. Perhaps most importantly, taking this route would place us in an untenable bargaining position; we would have to give "chits" just to "reinstate" provisions that are current law.

THE NGA RESOLUTION AND THE GUARANTEE: ADMINISTRATION POSITIONS

There are four elements that make up the Medicaid guarantee: financing, eligibility, benefits, and enforcement. Each of these elements is inextricably linked to the others and changes to any one of them must be carefully constructed to avoid undermining the foundation of the guarantee and the program. The following outlines the primary concerns we have with the proposal and summarizes current and possible fall-back Administration positions on these issues.

(1) Financing Concerns:

The NGA proposal uses a financing mechanism that is different from ours but that also assures that dollars follow increases in enrollment. However, it has the following problems:

- States are guaranteed their base formula allotment even if they choose to reduce coverage. This provision -- drafted for states like Michigan -- is a significant departure from the historical Medicaid federal/state partnership, where federal financing support rises and falls with changes in coverage.
- Many states can reduce their state Medicaid matching requirement. This provision -- hastily inserted for Governor Pataki -- would significantly decrease overall Medicaid spending OR significantly increase Federal spending. It would reduce the maximum state match from 50 percent to 40 percent. If federal spending is capped and all states matched at their minimum levels, the matching rate change would reduce total Medicaid spending by an additional \$140 billion over seven years (on top of the already assumed \$85 billion in federal savings and \$65 billion in state savings). *This could lead to large estimates of coverage loss unless the major eligibility and benefit protections mentioned later in this memo are assured.* If federal spending were not capped, the cost-shift resulting from the lower state match would totally offset the \$85 billion in federal savings.
- States could substitute state tax dollars with revenue raised through provider taxes and donations. Since this is "borrowed" money, it would effectively reduce states' real spending on Medicaid. Because this would make it easier to raise state matching dollars, CBO (and OMB) would likely conclude that this provision would also significantly reduce Federal savings.

Administration Position: Our CBO-scored per capita cap approach to Medicaid cost containment has a "dollars follow people" mechanism that is more direct than the NGA umbrella and does not include any of the problems mentioned above. We would keep the current matching formula, but propose that a national commission be established to make recommendations on how to address perceived inequities.

Possible Fall-Back Position: The Republican Governors are likely to refuse an Administration-like per capita cap financing mechanism. We may be able to live with a NGA-like financing approach if, as the Democratic Governors' intended, it truly allows dollars to follow people and if the state matching reduction and the provider tax/donation provisions are fixed. Governors Chiles, Romer, and Miller all have indicated they share our concerns with these provisions and support our position. (In fact, the six "Medicaid" Governors never discussed the provider tax and state matching reduction issues; they were added as last second amendments to the resolution.)

(2) **Eligibility Concerns:**

- Repeals current law that phases-in coverage for 1.5 million poor children between the ages of 13 and 18. OMB estimates a maximum of \$6 billion in federal savings if all states do not phase-in coverage. (This would overturn a law enacted by President Bush in 1990.)
- Allows states to define disability, subject to HHS approval, instead of requiring all states to meet a minimum federal definition. This proposal could result in widespread variation in eligibility determinations among states and could threaten the eligibility guarantee for people with disabilities.

Administration Position: We retain the kids phase-in and use the welfare reform's approach to address the Governors' concern about disability eligibility abuse. This gives Governors the option not to designate as "disabled" those persons who are alcoholics and chemical and substance abusers, as well as tightens the eligibility definition for children under SSI.

Possible Fall-Back Position: No fall-back for the kids coverage expansion. On disability, we could limit eligibility for other groups if the Governors can demonstrate that there have been eligibility abuses. If this compromise is still not acceptable, we could consider allowing states to define disability, but with much stricter criteria that the Secretary must use to evaluate designations. (This latter approach needs to be politically vetted.) The Democratic Governors would probably be fine with either of these positions, although Governor Romer thinks the states should not be defining disability eligibility.

(3) **Benefit Concerns:**

- Eliminates the current "adequacy" requirement for benefits and gives states unlimited discretion to determine the amount, duration and scope of services within benefit categories. Under these provisions, the HHS Secretary would have no legal basis for concluding that a one-day hospital benefit was insufficient to meet the federal requirement for a hospital benefit.

- **Repeals current statewideness and comparability requirements for optional benefits.** Without these provisions, states could offer different benefits to different groups of recipients or provide different benefits in different areas of the state. For example, states could decide to provide a no-deductible/no cap prescription drug benefit for a disabled person who had a stroke and a drug benefit with a \$500 deductible and a \$1,000 cap for a person with AIDS.
- **May repeal the statewideness and comparability requirements for mandatory benefits.** If this is the case, states could offer 5 months of hospital services for children and 2 weeks for the disabled.
- **Redefines the treatment portion of EPSDT (Early and Periodic Screening, Diagnosis and Treatment) so that states need not cover all Medicaid optional services for children.**

Administration Position: The Administration maintains that these concerns must be addressed or the national guarantee to benefits is legitimately called into question. Your proposal retains the current benefit package and protections. On EPSDT, it clarifies that benefits provided to children under the treatment requirement need not be given to any other population (under the comparability requirements.)

Possible Fall-Back Position: Maintain the benefits adequacy standard. Maintain current protections for mandatory benefits, but negotiate significant changes in the requirements on the optional benefits, including eliminating or significantly liberalizing current comparability and statewideness requirements. Negotiate further modifications to the "treatment" requirement within EPSDT, including that the requirement need not extend beyond a certain age group OR the possibility that the benefits provided need not exceed the states' optional package. (These are "hot-button" options that would no doubt have to be carefully rolled out if pursued.) **The Democratic Governors** support retention of the "adequacy standard," but -- like the NGA -- have not yet finalized their position on the other benefit issues.

(4) Enforcement Concerns:

- **Eliminates any federal cause of action under Medicaid by beneficiaries, health care providers and health plans.** Claims brought by individuals to enforce their rights under Medicaid would be limited to state courts and state law. Only the Secretary of Health and Human Services could bring an action in federal court on behalf of Medicaid beneficiaries.

There are four major concerns with this proposal. First, the eligibility would vary between states because state courts would interpret the law differently; the same person could be covered in one state but not in another. Second, fewer remedies would be available under state law than under federal law. Third, Medicaid would be the only federal statute that confers individual rights that could not be enforced in federal courts by its intended beneficiaries.

Finally, the HHS Secretary would be unable to litigate adequately on behalf of individuals because there would be significant new administrative burdens placed on the Department and because the only remedy available to the Secretary would be the withdrawal of funds to the state.

Administration Position: We repeal the Boren amendment and make it clear that providers have no right to sue over payment rates. We retain current law for eligibility and benefit claims brought by individuals.

Possible Back-Up Position: In addition to the outright repeal of the Boren Amendment, we could also eliminate the private right of action by providers and health plans completely (so that they could no longer sue over provider qualifications or other issues not related to reimbursement).

On causes of action brought by recipients, we could follow up on a suggestion made by Governor Chiles and propose separating eligibility claims from some benefit claims. Under this approach:

- There would be no suits by providers health plans over reimbursement rates or any other issue.
- Everyone filing a claim would be required to exhaust administrative remedies. A recent survey of state Medicaid agencies found that in the 40 states that responded, less than 5% of fair hearing decisions were appealed to a court. In California, for example, 4,600 fair hearings were held and less than 1% were appealed. In Wisconsin, 376 fair hearings were held, and 8 (2%) were appealed. (Texas Legal Services Center, 1994.)
- Most disputes over benefits would be heard in state court. Benefits claims would only be heard in federal court if there were an allegation that the state plan or a contract between the state and a provider violated federal law.
- Claims brought by individuals over eligibility would be heard in federal court. Across the country, there were 6 reported cases over eligibility in 1994, 8 in 1993, 6 in 1992 and 8 in 1991. (National Health Law Program, Inc., 1995.)

This is not a high priority issue for the Democratic Governors, and we believe that they would support our approach. However, they have reported that the Republican Governors have a philosophical aversion to any Federal right of action. What is clear from our conversations with the NGA staff, though, is that the Governors have not focused on this issue in any great detail.

Conclusion

We hope this information is helpful to you in deciding how the Administration should position itself on the Medicaid front. Attached is a background document on the congressional and interest group response to the NGA proposal.

CONGRESSIONAL AND INTEREST GROUP RESPONSE TO NGA

- **Hill Response to the NGA Resolution:** Most Republicans, through the RNC and comments by the Speaker, are strongly embracing the NGA proposal. They claim that it is a virtual mirror-image of their Medigrant proposal. The RNC is literally passing out paper declaring "victory." The only exception to a complete endorsement from the Republicans is related to their perception of the financing mechanism. They are sending signals that they oppose the open-ended nature of it and are suggesting that they may push for some type of cap. (The Democratic Governors have already indicated that they would "walk" from the deal if this occurred.)

Republicans appear to want to push a "bipartisanly-supported NGA" bill out and dare us to criticize it. It is for this reason that they have so quickly scheduled hearings for this Wednesday and Thursday, and have invited Secretary Shalala to testify next week before the Finance Committee. Having said this, they are reportedly being responsive to NGA calls to not prematurely unveil a Republican "NGA Medicaid" bill and risk a meltdown of the bipartisan agreement. There is no question, however, that they are (behind the scenes) drafting legislation and attempting to get CBO to score it and it is not inconceivable that they may introduce something prior to Secretary Shalala's testimony.

The Republican reaction has fueled the suspicions of the Democrats and, with extremely few exceptions, there has been a generally negative reaction to the NGA proposal. The "base" Democrats, like Henry Waxman, have been extremely critical of the proposal and have charged that it offers no guarantee and may even be a block grant in sheep's clothing.

Congressman Stenholm and Congressman Dingell were apparently quite disappointed in the lack of state accountability, the reduction in state match, and raised concerns about the adequacy of the legal enforcement provisions. They argue that it is not unreasonable to expect a federally-enforced, national eligibility and standards floor in return for a large federal investment. To back up their point, their staffs have been circulating a chart that shows how the coalition proposal would provide \$840 billion to state Medicaid programs, at the same time the states are trying to significantly decrease their Medicaid expenditures.

On the Senate side, Senator Breaux distanced himself a bit and called for hearings so he could fully understand the implications of the proposal. His staff reports that Senator Breaux thought the Democratic Governors were going to be able to "cut a better deal than they did." On the moderate Republican side of the aisle, Senator Chafee privately raised concerns about the proposal and suggested it appeared to be something akin to a federal maintenance of effort with too little accountability.

Clearly, however, both Senators' Breaux and Chafee want to keep the Medicaid discussions alive for the sake of a budget deal and will continue to avoid being overly critical in public. According to Senator Breaux's staff, the primary authors of any alternative Medicaid bill will likely be Senator Chafee and Senator Graham. Lastly, there are also reports that Senator Roth's staff is working with the House Commerce Committee to draft up their own version of the "NGA resolution." Since they have fairly "green" Medicaid staff who have previously worked at the House Commerce Committee, it is likely that their bill will largely mirror the House Republican bill.

- **Interest Group Response to the NGA Resolution:** We have received only negative reactions from the groups, including the unions, the American Hospital Association, the American Academy of Pediatrics, the Children's Defense Fund, the Alzheimers' Association and the Consortium for Citizens with Disabilities. The groups, particularly those who represent children and the disabled, feel that enactment of a proposal like the Governors' resolution would significantly increase the number of uninsured and renege on what they believe is a jointly-held commitment with the Administration to expand, or at least not reduce, the number of insured. The AIDS groups are particularly concerned because they greatly fear the benefit changes and the state-by-state definition of disability provision.

The other interest groups are largely staying quiet and waiting to see how we respond to the likely "clarifying" changes expected to emerge from the NGA over the next week or so. Some of them are taking this position because they do not want to undermine our position. Others are holding off because they want to be perceived as "players" in the upcoming negotiation.

The Office of Public Liaison believes that your strong stand on Medicaid has built bridges that extend far beyond the traditional Medicaid constituencies. Public Liaison believes that significant changes from these groups' perception of our past Medicaid position may damage this strong alliance and may be difficult to repair.