

# THE AMERICAN HEALTH CARE ACT

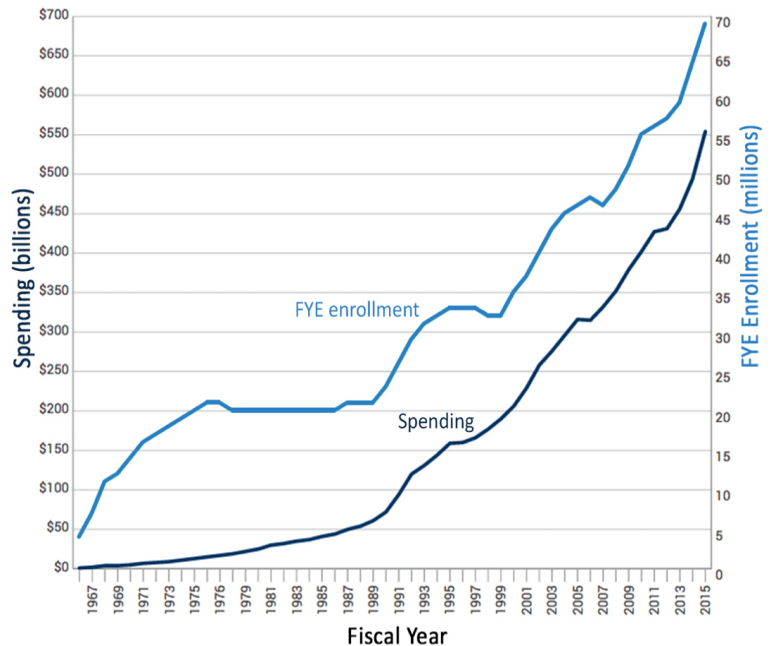
## Medicaid Per Capita Allotment Reform

The Medicaid program today is a critical lifeline for some of our nation's most vulnerable patients, as the program provides care for children, pregnant mothers, the elderly, the blind, and the disabled. Jointly funded by federal and state governments, Medicaid currently covers more than 70 million Americans, even more than Medicare. In fact, the federal government currently spends more general tax revenue on Medicaid than it does on Medicare.

On its current path, Medicaid is on unsustainable financial footing. For more than a decade, the Government Accountability Office has designated Medicaid as a 'high-risk' program. And not just at the federal level. At the state level, Medicaid already represents roughly one in every four dollars in a state's average budget.

In 2018, total Medicaid spending will be larger than our nation's defense budget. By the end of a decade, total Medicaid spending will cost taxpayers about \$1 trillion a year.

This is not just a fiscal issue, but an issue that jeopardizes the ability of federal and state government to take care of the most vulnerable who actually rely on the program. We need to put Medicaid on a budget and give states greater flexibility to care for their unique populations.



Source: MACPAC

**3X** Today, Medicaid is 3 times larger and cost 3 times as much as it did under Bill Clinton.

### Here's how a per capita allotment works:

A per capita allotment reform protects the individual entitlement and does not change Medicaid rules regarding access to care. Specifically, our per capita reforms **do not alter**:

- General eligibility standards and pathways
- Protections for the disabled, elderly, and children
- The requirement that states pay their fair share under the Federal Medical Assistance Percentage (FMAP)
- Coordinating with exchanges and individual market coverage

- Children’s Health Insurance Program
- Coordination efforts for individuals dually-enrolled in Medicare and Medicaid
- Requirements related to program integrity and transparency
- Current efforts to improve the quality of care and delivery systems.

Under our plan, states would receive a federal funding allotment for each of the major beneficiary categories – aged, blind and disabled, children, and adults – based on the number of enrollees in each of those categories in their state. A state’s total allowable allotment would be calculated as the sum of enrollees across eligibility groups. This formula would represent the total amount of federal funding for which a state would be eligible to receive federal matching funds. This total computable approach provides flexibility Governors and state leaders in implementing the policy.

## THE GOALS:

- ✓ Put Medicaid on more stable fiscal footing
- ✓ Provide States with flexibility
- ✓ Prioritize the most vulnerable

**Importantly, a per capita allotment is not a limit on funding for an individual Medicaid beneficiary.** It is an aggregate limit, calculated on a per capita basis, on the amount of Medicaid funding for which a state could receive federal matching. If an individual’s care proved to be more expensive than average, federal funding could continue to be used to pay for it as long as the state had not exceeded their total *aggregate* allowable amount based on the per capita formula.

A per capita allotment helps put Medicaid on a budget in a way that is fair and workable for states and taxpayers. For example, under a per capita allotment, federal funding would decline when enrollment fell as result of an improving economy.

Conversely, if more people became eligible for Medicaid due to economic downturns or demographic shifts, a per capita allotment ensures that states receive adequate federal resources to cover the costs of additional individuals’ care.

## The Bottom Line:



Putting Medicaid on a sustainable budget with per capita allotments will restore Medicaid’s focus on the most vulnerable, and empower states with new freedoms and flexibilities to run their Medicaid programs.