



Medicaid Per-Capita Caps: The Wrong Approach for Children, Youth and Families in Michigan

Included in the recently released bills being discussed by the U.S. House of Representatives to repeal and replace the current health care law is a significant shift to the Medicaid program – a shift that would put access to coverage and services at risk for the 2.3 million people in Michigan who rely on Medicaid for their physical, mental and long-term health care coverage, including one million children and over 120,000 young adults.

Medicaid covers low income pregnant women, babies, children and youth; very low income parents and other adults; older individuals and individuals with disabilities, including many who receive care in nursing home facilities. More than half of all Michigan births are covered by Medicaid, and fully half of all Medicaid recipients are children or young adults, ages 19-26. The elderly, blind and disabled represent 20 percent of Medicaid beneficiaries in Michigan, but constitute 44 percent of the expenditures. At the same time, children make up 39 percent of the beneficiaries, but represent only one-fifth of the cost of the program.

Michigan's expansion of Medicaid under the ACA, the Healthy Michigan Plan, allowed more young adults to have better access to care – current and future parents. When parents are able to access care for physical and mental health needs, barriers to effective parenting and work are removed. For young people transitioning into adulthood, fewer disruptions in their access to physical and behavioral health services result in better educational and life outcomes.

The current Medicaid program is an entitlement, meaning that if you qualify for the program, you receive program benefits. Currently, for every \$1 Michigan spends on the Medicaid program, the federal government provides \$1.87. Medical and behavioral health services represent about one-third of the state budget, with 70% funded through federal Medicaid matching revenues. Capping the program simply means that Michigan would only have access to a pre-set amount of federal funding to spend on each enrollee, having to shoulder any cost burden above the cap without federal assistance.

Limiting federal contributions to Medicaid will shift costs to the states and force difficult decisions about who to cover and what services to cut. Most at risk will be the young adult and parent populations who recently came into coverage through the Medicaid expansion. Already, the language allowing young people leaving foster care coverage through age 26 has been removed. And as the least expensive population to cover, children and youth are also more at risk when revenues are scarce.

Capping Medicaid is a move in the wrong direction. Before passing any significant changes to the Medicaid program, including capping payments to states, policy makers must be able to answer the following questions:

1. How many children, youth and parents will lose their guarantee of coverage? Will they still have guaranteed access to the comprehensive, evidenced package of Early and Periodic, Screening and Diagnostic, and Treatment (EPSDT) services?
2. How will a cap impact the guarantee of coverage and services for kids with disabilities or other special health care needs? How about coverage for other special populations like children and youth in or leaving foster care?
3. Will pregnant women and new mothers and their babies still have a guarantee of coverage?
4. How much will need to be cut from Michigan's budget, and where would those cuts come from, to accommodate lower federal contributions to Medicaid?