

RYAN PLAN WOULD END CHILDREN'S HEALTH COVERAGE AS WE KNOW IT



Earlier this spring, the U.S. House of Representatives approved an FY 2013 Budget Resolution that included devastating cuts to essential health coverage programs for children. This “Path to Prosperity” budget blueprint authored by Budget Committee Chairman Paul Ryan (R-WI) cites among its purposes to “ensur[e] that our children have more opportunity and inherit a stronger America,” however, the reality is that the Ryan proposal jeopardizes the programs that America’s children rely on most, at a time when nearly 25 percent of children in the U.S. lives in poverty. Most notably, the Ryan plan eviscerates Medicaid and the Children’s Health Insurance Program (CHIP) through dramatic cuts totaling \$1.4 trillion. It also converts Medicare into a voucher program, requiring vulnerable seniors to face increased out-of-pocket costs as they get older. Below we describe the impact of the Ryan plan on children’s health coverage programs, focusing on Medicaid and CHIP, which provide health insurance for approximately 35 million low-income children in America.

Key Provisions for Children’s Health Coverage

The Ryan plan converts Medicaid into a block grant, cutting federal support by \$810 billion over the next 10 years. The Ryan plan would cut federal support for Medicaid by one-fifth over the next 10 years (2013-2022), a 22 percent cut compared to current law. This is an even greater cut than was proposed in last year’s House budget, which called for \$771 billion in cuts. By turning Medicaid into a block grant, states would receive fewer federal funds and be forced to contribute more of their own resources to preserve coverage for children. Given the current budget challenges, this would be impossible for most states. Furthermore, block grants actually limit state flexibility by taking away a state’s ability to meet the needs of their citizens during times of crisis – including events like 9/11, Hurricane Katrina, and the recent economic recession. Under the Ryan plan, states would have to bear 100 percent of the added cost. Every state would experience a drastic drop in Medicaid funding. Without a doubt, this policy would cause states to sharply reduce coverage for children and other vulnerable populations, including people with disabilities.

The Ryan plan ends CHIP by eliminating \$28.9 billion in funding. The Ryan plan repeals the Affordable Care Act, eliminating the \$1.5 trillion that the ACA uses to help 30 million Americans get health insurance. The repeal would end the Medicaid expansion, affecting health care access for approximately 17 million people. It also eliminates the tax credit assistance for middle-class families, taking away tax cuts worth a total of \$110.1 billion in 2014 for about 28.6 million Americans. By repealing the ACA, the Ryan plan cuts two years of expanded funding for CHIP. Currently, the 2012 CBO baseline shows \$19.2 billion in funding for CHIP in 2014 and \$21.1 billion in funding for 2015, a total amount of \$40.3 billion. The Ryan plan funds CHIP at just \$5.7 billion each year, with a total of only \$11.4 billion. The total cut in funding to CHIP, by repealing the ACA, is \$28.9 billion. This will result in millions of children losing coverage in states.

The Ryan plan ends the entitlement nature of Medicaid. The Ryan plan would allow states to waive current requirements that guarantee Medicaid for all who are eligible. It would also permit states to place limits on covered services or drop benefits for special populations, including those who are disabled or who have other special health care needs like autism or Downs Syndrome.

The Ryan plan leaves states holding the bag. Block grant funding for Medicaid would only shift costs to states. Without a doubt, block grant funding would be far short of state need. The Ryan plan proposes to increase annual block grant funding by an amount that is on average more than 3.5 percent **lower** than Medicaid’s current projected growth rate. By 2022, it is estimated that Medicaid funding would be approximately 34 percent less than the amount states would receive under current law. According to the CBO, by 2040, federal Medicaid and CHIP spending as a share of the economy would be reduced by half. CBO also stated that the magnitude of the Ryan cuts would cause states to make considerable cutbacks in their Medicaid and CHIP programs, including increased cost-sharing, reduced benefits, and lower payments to providers, all of which, in CBO’s words “would reduce access to care.”



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Eviscerating Medicaid not only endangers the health of our most vulnerable children it also threatens our nation's future prosperity. Medicaid plays an essential role in securing the health and well-being of almost 30 million children, especially as families continue to struggle with the downturn in the economy. Together with CHIP, Medicaid has been enormously successful in providing access to health services to more than one-third of our nation's children. From vaccinations, well-child check-ups, and chronic disease management, to oral health, vision care, and prenatal care for expectant mothers, Medicaid ensures that children get the services they need to grow, develop, and go to school ready to learn. By every measure, Medicaid is an important lifeline for children, who constitute about 50 percent of the beneficiaries, but only about 20 percent of the costs.

While we recognize the budget deficit requires action from our leaders, it is important to understand that cutting care to children could actually have the effect of increasing costs, both in health and in other sectors. The Ryan plan to block grant Medicaid would not only jeopardize coverage for millions of children, it would also result in cost-shifting that would place an even greater burden on states, localities, providers, and families. In addition, the Ryan plan would have a significant impact on job growth and business activity, particularly within the health sector. Finally, Ryan's proposed cuts would have a compounded negative impact on states, since a reduction in state funding for CHIP, Medicaid, or both of those programs translates to a significant loss of federal matching funds, leaving states with far fewer resources to provide necessary care.

Our nation's leaders must recognize the importance of maintaining the programs that provide critical support for our nation's children, which ensure that their basic needs can be met. Deficit-reduction cannot and should not be undertaken at the expense of our children's health.

The First Focus Campaign for Children is a 501(c)(4) nonprofit organization affiliated with First Focus, a bipartisan children's advocacy organization. The Campaign for Children advocates directly for legislative change in Congress to ensure children and families are a priority in federal policy and budget decisions.