

Disclaimer: This presentation is a basic tool to understand how Medicaid works now and how changes could impact people with I/DD. We will not know specifically which ideas Congress wants to do until a bill is introduced. A bill may come out as early as January. It could come later. There may be several bills that include Medicaid cuts. Things could change quickly.

Medicaid

What's at stake and what to do

January 15, 2024

last changed 01/19/2024



Why do we think Federal Medicaid spending will be cut?

- Reports with ideas on how to cut Medicaid are public; many have been out for months.
- Campaign promised no cuts to Defense, SSI, Medicare. Those promises didn't include Medicaid.
- Widely reported by media that incoming Congress intends to cut Medicaid to offset spending for other priorities.
- National disability groups began preparing state level advocates in Dec., for what ideas they think are likely.
- The new President and Congress need lots of money to fund their tax cuts and border plan.
- Medicaid is the biggest pot of money that Congress can cut and use savings for other things.
- House publicly stating Medicaid cuts will be part of bill; House Rules require spending cuts.
- Some Members of Congress think Medicaid is too big, costs too much, and does too much. Less spending and smaller program is a goal.

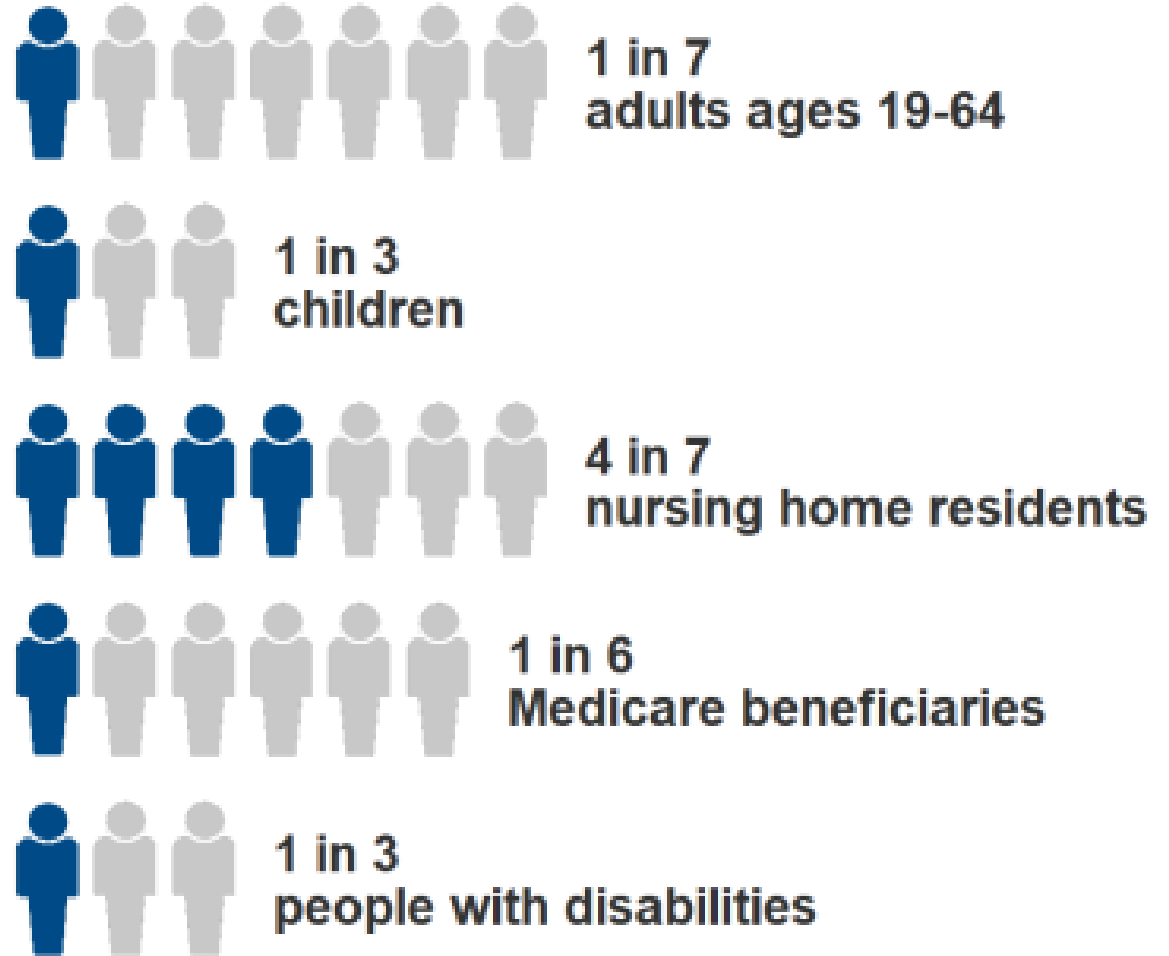
Medicaid matters, cuts change lives. You can talk about what Medicaid means in your life.

- People with disabilities rely on Medicaid in ways other people don't.
- Don't wait for the details.
- You know what it would mean for you and your family if you get less services and supports.
- Details tell you how cuts will be made, they don't change what they will mean to real people who need care.
- Most legislators do not know all the ways Medicaid helps people with disabilities.
- Even small cuts can make big changes to people who need help every day.
- You will live with the results of Medicaid spending cuts.
- It is ALWAYS worth your time to tell your elected officials how Medicaid helps you.

Who is in Wisconsin Medicaid?

- 18% of Wisconsin's population (1.2M people) are covered by Medicaid/CHIP.
- Wisconsin Medicaid populations include:
 - children,
 - older adults,
 - people with physical disabilities,
 - people with intellectual/developmental disabilities (I/DD),
 - people with mental health conditions,
 - low income pregnant women,
 - low-income working adults.

In WI, Medicaid Covers:



<https://www.kff.org/interactive/medicaid-state-fact-sheets/>

People with I/DD rely on Medicaid

~30% of people with disabilities in Wisconsin rely on Medicaid.

Medicaid funds almost all long-term care (Family Care, IRIS, CLTS, nursing homes)

Medicaid is the only place people with I/DD can get the long term care, health care, and mental health services they need.

Private insurance does not cover some services at all, or enough to meet the needs of people with I/DD

Medicaid is the main funding source for mental health care

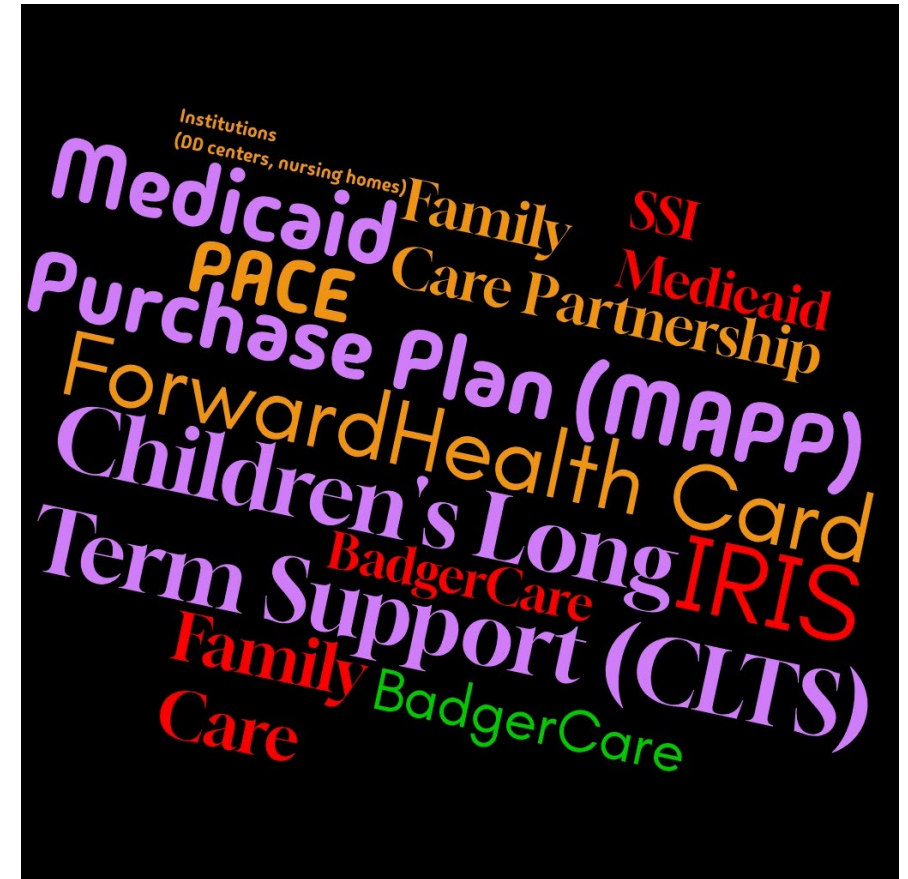
Wisconsin Medicaid dollars fund many services used by people with I/DD

- Medicaid funds services that:
 - Allow children and adults who would otherwise have to live in an institution to live their lives in the community.
 - Provide drugs, specialty health care, therapies, dental, and personal care services.
 - Help students access medical services and therapies in school.



Wisconsin Medicaid goes by many names

- People with I/DD are in all of Wisconsin's Medicaid programs
- Programs important to people with I/DD:
 - Family Care, IRIS, CLTS
 - MAPP, SSI Medicaid
 - ForwardHealth Card
 - BadgerCare
 - Katy Beckett



The federal government and states pay for Medicaid



Federal money given to states to help run state Medicaid programs is called the Federal Medical Assistance Percentage (FMAP)

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In Wisconsin, the federal government pays 60% of Medicaid costs; the state pays 40%.

That means for every Wisconsin Medicaid dollar spent, \$0.60 is federal money and \$0.40 is state money.

Federal money (match) helps states stretch their dollars to cover more people, and more health and long term care services for residents

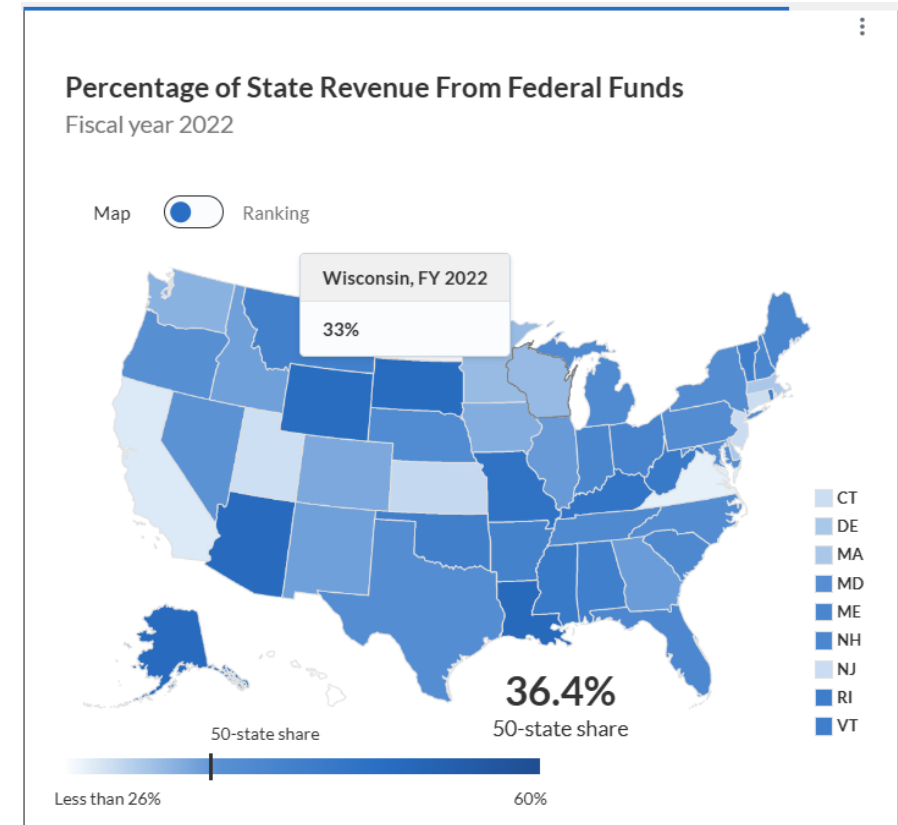
Medicaid costs go up or down depending on how many people are in Medicaid programs and the services they use.

Higher Federal match reduces impact on state budgets when more people need Medicaid or costs increase.

State budgets are built with federal dollars

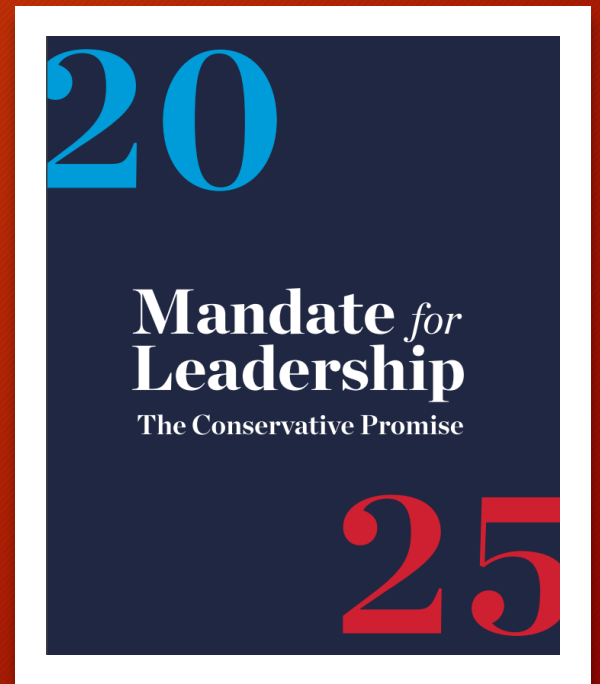
- 33% (or \$16.5 B) of Wisconsin's ~\$50 Billion state budget is federal money.
- Medicaid is the largest source of federal money for states.
- On average, 56% of states' federal funding is for Medicaid.
- In WI, ~\$9.24 B, or 20% of WI's total budget, is federal money for Medicaid.
- The state puts in ~\$3.7B in state funds for Medicaid.
- **Almost \$13B (or 26%) of WI's budget is Medicaid.**

Lower federal spending causes holes in state budgets. States then have to decide to spend more state money or cut programs.



New Congress and Administration have ideas that would cut Medicaid

- Many reports, including Project 2025 and the Paragon Report, have ideas about how to reduce Federal Medicaid spending.
- Congress and the President are looking at these ideas as they put together the federal budget and legislation.
- Cutting Federal Medicaid spending will impact state budgets and state Medicaid programs.



Ideas to cut Federal money spent on Medicaid and health care*

#1 Medicaid Block Grants

#2 Decrease amount of Federal Medicaid dollars (FMAP) going to states

#3 Limit amount of Medicaid dollars that can be spent on one person (per capita or lifetime cap)

#4 Law or policy changes to make it easier for states to cut Medicaid or keep people out of Medicaid programs

#5 Stop states from using money from Provider Taxes and other sources as part of state Medicaid match

#6 Change what must be covered under Affordable Care Act (ACA)

#7 Stop Federal money that lowers Affordable Care Act (ACA) premiums

#8 Lower or stop Federal funding for Medicaid expansion population

*There are more ideas in reports that would impact Medicaid beyond the 8 listed above.

[1/13 House list of spending cuts](#) released by Politico includes circled items and repeal of 10% HCBS FMAP increase that was part of COVID relief legislation. 1/14 U.S. Supreme Court agreed to take a case that could impact what must be covered under the ACA.

What would these ideas mean for Wisconsin?

- These ideas mean much less Federal Medicaid money would come to states to help run state Medicaid programs:
 - Per Capita Caps,
 - less federal money to states to run Medicaid programs (FMAP),
 - changing how states can use provider taxes
- These ideas would make large cuts right away and cuts to state Medicaid programs would deepen over time:
 - Per Capita Caps (the same amount of money does not buy the same amount of services as the costs go up).
- This idea could change who and what is covered under Medicaid
 - Law and policy changes that make it easier for states to cut Medicaid programs (making some populations or benefits optional, work requirements etc.)

How much less federal Medicaid money would come to states?

\$2.3T total federal spending cuts to Medicaid and the ACA

\$2.17T of federal money going to states would be removed, leaving huge holes in all state budgets.

States use this \$2.17T federal money to pay for the health and long-term care of people in state Medicaid programs and to pay the workers that provide care for those people.

- **\$387B less to states** by lowering amount of federal Medicaid dollars that pay for state Medicaid programs (FMAP)
- **\$918B less to states** by Per capita caps
- **\$175B less to states** by not letting states use Provider Taxes as part of state Medicaid match
- **\$120 B less** when people are kept out of Medicaid through work requirements.
- **\$690B less to states** by lowering FMAP for Medicaid Expansion population -
- **\$46B cost passed on** to people who have ACA Marketplace plans by stopping Federal money that lowers ACA premiums.

What would these ideas mean for Wisconsin?

- **Less Federal Medicaid dollars to states forces states to make decisions about:**

1. whether to spend more state money to keep their Medicaid programs the same or
2. cut their Medicaid programs to fit the amount of state money they are willing to spend.

- State spending decisions on Medicaid could change over time.
- State legislatures decide every budget cycle how much to spend on Medicaid.
- State agencies decide how to operate their Medicaid programs.
- When Medicaid costs increase, states will keep having to decide whether to cut programs or spend more state money.

What would these ideas mean for Wisconsin?

- Federal law changes could make it harder for people to get into Medicaid:
 - Changing who states must let into Medicaid programs (e.g. older adults, people with disabilities, etc.)
 - Let states cap how many people they let in to Medicaid programs
- Federal law could change to let states make it harder for people to stay in Medicaid programs:
 - Work requirements
 - Check income or functional screens more often.
- Federal law could change to let states make it easier for states to cut their Medicaid programs.
 - Let states have waiting lists
 - Make more services optional (e.g. states don't have to do them)
 - Restrict benefits (like cover some drugs, not others)
 - Change the level of care or how much money people can have so fewer people can get into long term care.

Ways States can cut their Medicaid programs

- Changing who can get into a Medicaid program
 - Make it harder to get in (i.e. change level of disability or care needs to qualify)
 - Stop covering some groups of people
- Making people wait on lists to get into Medicaid
- Limiting or getting rid of services or supports
- Setting up “tiered” benefits to ration services
- Cutting how much the state pays care providers
- Add more things for people to do, like cost-sharing, to get care
- Make people get permission before they can get care, which may delay or stop people from getting services.
- Changing how often people can get a service and for how long, or change the service so it can do less.

Federal law says states must cover 8 Medicaid services. All others are optional.

Mandatory Benefits (States MUST Provide)

EPSDT

Inpatient/outpatient hospital services
Physician services
RHC/FQHC services
Laboratory and X-ray services
Family planning services
Nursing facility
Home health services

Optional Benefits (States can CHOOSE)

Prescription drugs

PT/OT/ST

Other diagnostic, screening, preventive,
and rehabilitative services

Dental and vision services

Case management

Home and community-based services
(Family Care, IRIS, CLTS)

Hospice

Many states already use strategies to limit who gets into Medicaid and what care they can get

- All the strategies to cut Medicaid costs on the previous slide are being used in other states.
- Some states use multiple strategies.
- Many states have long waiting lists for home and community-based services programs like Family Care, IRIS, and CLTS.
- Many states do not provide all optional services. Some only provide (8) services federal law says they must.

- Wisconsin does not have wait lists for adult long-term care (Family Care, IRIS)
- Wisconsin has chosen to provide all services federal law says are optional for states.
- Wisconsin has a lot to lose if federal Medicaid funding is cut.

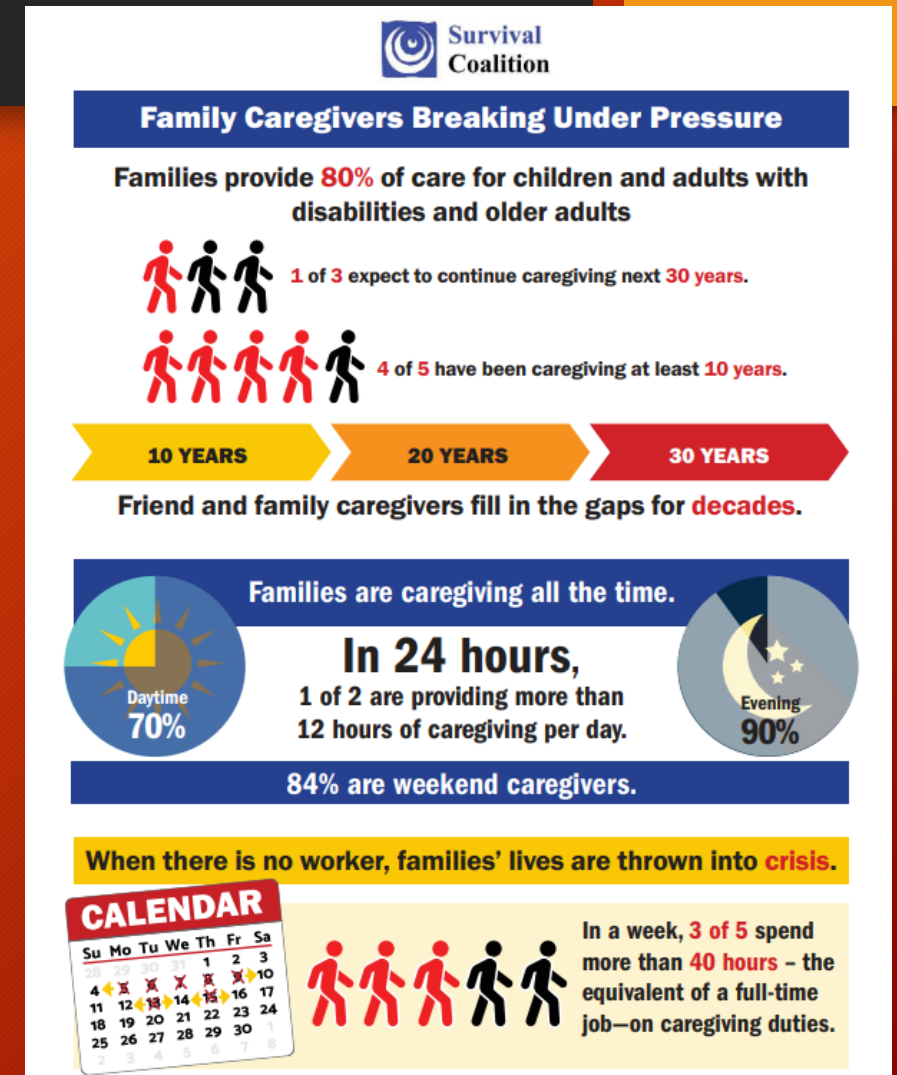
Impact on people with I/DD

- People with I/DD have care needs that last a lifetime.
- People with I/DD are a high-cost population. Medicaid is the only place many can get the health or long-term care they need.
- Federal spending cuts that cause states to cut Medicaid programs affect people with I/DD more.
- Even small changes—less personal care shifts, medication changes, etc.—can make it so someone can't live in their home anymore.
- People with the same or increasing care needs over a long time need to know that what they need will continue to be covered for all the years they need it.

Impact to unpaid caregivers and Wisconsin workforce

- When Medicaid programs are cut the impact goes beyond the people who rely on Medicaid for health and long-term care.
- Unpaid labor from families already provides care for people in Family Care, IRIS, and CLTS. There is not enough paid support to meet care needs.
- Unpaid caregivers are leaving the workforce to provide unpaid care labor.
- Statewide surveys of Wisconsin people with disabilities and families in [2022](#) and 2021 document the trends.

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Impact to Wisconsin workforce

Wisconsin workforce supported by Medicaid dollars includes:

Doctors, nurses, therapists (PT,OT, ST), personal care and direct support workers, mental health professionals, case managers, day service and employment service providers, transportation providers, county governments, school nurses, etc.

- Medicaid supports all the people who provide health or long-term care for the 1.2M people on Medicaid in Wisconsin.
- Any worker, small business, or professional whose salary is partially or fully paid by Medicaid reimbursement could be impacted by Federal Medicaid spending cuts.

Learn more

- Kaiser Health News Jan 13, 2025. [Trump's Return Puts Medicaid on the Chopping Block](#)
- Politico, Jan 13, 2025. [House GOP puts Medicaid, ACA, climate measures on chopping block](#)
- [Medicaid Per Capita Caps force deep cuts and shift cost to states](#) (Jan 7, 2025)
- Webinar: [Federal Medicaid Cuts & What's at Stake for State Budgets and Families](#) (Dec 17, 2024)
- Webinar: [How Medicaid Works & What's at Stake in 2025](#) (Dec 10, 2024)
- [The Budget Resolution and Reconciliation Process Explained](#)

When will we know what the ideas are to cut Medicaid? How fast could Congress act?

Medicaid cut ideas are coming, soon.

The next slide shows the ideas the U.S. House is considering to cut Federal Medicaid. The Senate may have its own ideas. There are more ideas that could be added. This list could change.

- U.S. House Budget Committee has a list of ideas that would cut more than \$5T. ([as reported by Politico](#) Jan 13).
- Seven are cuts to Federal Medicaid. One would impact the ACA Marketplace plans.
- All these ideas are part of the menu of cuts advocates thought Congress would consider.

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Medicaid cut ideas are coming, soon.

Budget reconciliation bills can be used to make spending cuts, fund policy priorities, and making sure the country pays what it owes.

- Both Senate and House want to use the budget reconciliation process.
- The House would like to do one big bill fast. The Senate would like to do two bills.
- One bill or two, spending cuts will be part of the bill(s)

Medicaid cut ideas are coming, soon.

Reconciliation can move fast. Last time Congress tried to cut Medicaid (2017), they used reconciliation. The bill took only two months to go through all the steps needed to become law. (It was defeated by one vote.)

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- First step is a Budget Resolution, which sets out goals for spending cuts.
- Once there is a Budget Resolution, a Budget Reconciliation bill can move forward. This bill has details on spending cuts.
- Budget reconciliation means only half of the U.S. Senate and U.S. House must agree to pass the bill.
- Spending cuts to Medicaid and many federal programs will be in the bill.

Timeline to move bill

On Jan 14 National advocates updated states on how quickly House Speaker Johnson wants to move a reconciliation package with Medicaid cuts.

Jan, 27 pass Budget
Blueprint

Feb 3 Budget
Committee
Markup

Week of Feb 10
House passes the
budget resolution

Week of Feb 17
Senate passes
budget resolution

Week of Feb 24:
House / Senate
makes sure bill is
the same, send
bill to President