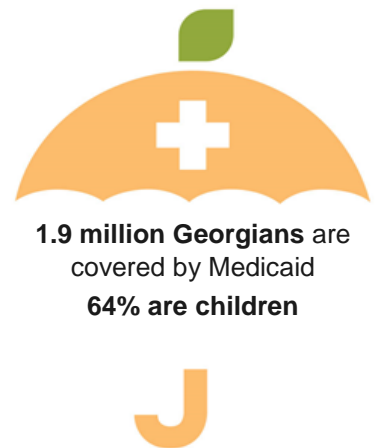
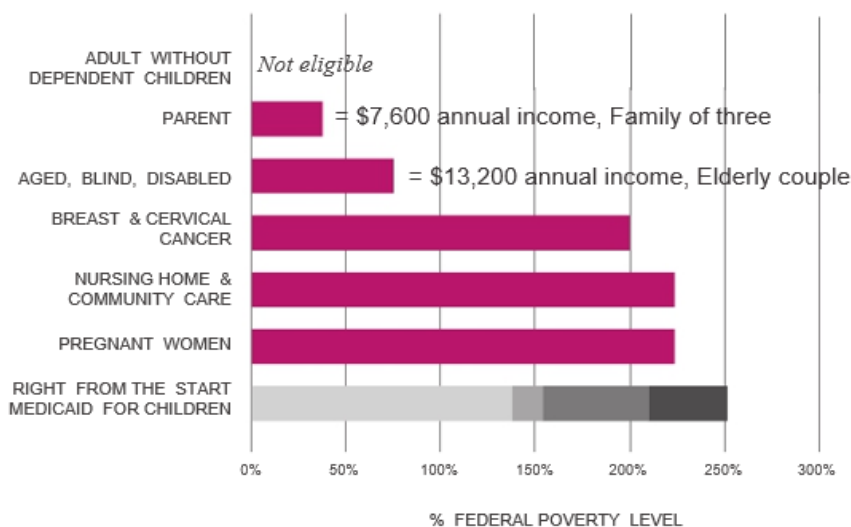


The future of Medicaid funding in Georgia

Medicaid is a joint state-federal program that provides health insurance to low-income children, pregnant women, seniors, and persons with disabilities in Georgia. Each state manages its program in accordance with national guidelines. In exchange, the federal government provides the bulk of funding. In Georgia, the federal government pays about two-thirds of the cost, while the state pays the other third. Congressional leaders in Washington have discussed converting federal Medicaid funding into a block grant which would provide less money to states and force state policymakers to decide which people or services to cut.

Who Gets Medicaid in Georgia?



Is a Medicaid block grant a good fit for Georgia?

Under a block grant, the federal government would pay Georgia a pre-set amount each year to provide care for our entire covered population, including new enrollees. Under a per capita cap, the federal government would pay the state a fixed amount per person. Once these federal funds are spent, or if beneficiaries are sicker (and more expensive) than expected, Georgia would have to pay 100% of additional costs – or terminate health care coverage for vulnerable seniors, children, or people with disabilities.

Block grants would block fiscal sustainability. Such grants and caps would not take into account public health threats, natural disasters, costly medical technology advances or new medicines, the rising costs of prescription drugs, other medical treatments or a down-turn in the economy. Georgia would have to pay for all unexpected or extra costs, not just our current 32% state share. Incorporating an annual inflation factor to increase funding would be insufficient because medical costs have historically grown faster than inflation. The state would be assuming a big financial risk.

Block grants block services and access to care. Georgia's Medicaid program now guarantees health coverage to all eligible enrollees; the federal funding available to the state grows or shrinks with enrollment and utilization of services. Block grant funding does not fluctuate in this way. If block grant funds were insufficient to cover Medicaid costs for the year, the state would have to choose between providing additional funding, and cutting enrollees and/or services. Children or elderly Georgians who need health care coverage could be turned away. Pregnant women and people with disabilities may not be able to access the health care they need. People living in nursing homes may have to move in with family members who cannot properly care for them.

Block grant funding formulas in other programs have hurt Georgians. When federal welfare funding converted to block grants (administered as Temporary Aid to Needy Families, or TANF) in 1996, the payment formula rewarded those states with higher benefits and penalized states like Georgia that had always paid lower benefits. A further problem for all states is that the dollar amount has not increased over time, causing the block grant to lose one-third of its value since 1997.

Block grants block flexibility. Georgia has among the most stringent Medicaid eligibility in the nation. For example, a parent of two children must make less than \$8000 annually to gain Medicaid coverage. Thirty-one states have expanded Medicaid to cover low-income adults, and others have added optional services, such as dental treatment for adults. States that have chosen to broaden the population served or to provide additional services beyond federally mandated minimum categories will likely be rewarded with much larger block grants than Georgia. Under a block grant, Georgia would likely be unable to expand coverage or covered services in the future without taking on all added costs.

Block grants block funding. Medicaid has historically been used as a quick way to get money to states in times of need, like natural disasters and economic downturns. On several occasions, leaders at the federal level increased federal Medicaid contributions to help states manage enrollment growth when states experience declining revenues. Block grants would prevent federal officials from providing help when states and people need it most.

Block grants would block economic development and make Georgia less competitive. A block grant would most likely be based on Georgia's current Medicaid expenditures. Georgia spends less per Medicaid enrollee than every other state except Nevada, so 48 states would get more federal funds per capita than Georgia. Such limitations on federal funding would constrain Georgia's ability to invest in better health outcomes and keep pace with other states.