



January 2017

## Briefing Paper on Medicaid Block Grants

### A. Overview of Wisconsin's Medicaid program

Medicaid is a guaranteed source of support and services for over 1 million children and adults in Wisconsin, approximately one of every five people in our state. It is jointly funded by the federal and state government. Wisconsin's Medicaid program includes: long-term care services (e.g. Family Care, IRIS, Partnership, PACE and Children's Long-Term Support Waiver), Medicaid Card services, BadgerCare, Senior Care, mental health services, and school-based health services.

### B. What is a Medicaid Block Grant?

A strategy to control/reduce federal Medicaid spending in future years (below current actual spending or below the projected future growth rate of spending)

### C. What are the possible/likely features of a Medicaid Block Grant?

1. More authority and flexibility for states to determine eligibility and scope of service (that flexibility could be used to make some currently eligible people ineligible, and to eliminate some covered services)
2. States may or may not be required to maintain current levels of state Medicaid funding, or even spend any money on Medicaid at all
3. No minimum federal eligibility standards; each state will determine its own Medicaid eligibility
4. No federally required/guaranteed "entitlement", i.e. no enforceable right to service
5. Possible designs of a Medicaid Block Grant: a) cap federal Medicaid funding at current levels to each state, b) allow federal funding to increase annually at a low predetermined rate, c) create spending caps for each person, or d) provide vouchers to individuals to buy health care or long-term care on the open market

### D. Possible Implications of a Medicaid Block Grant for Wisconsin Consumers and Families (although we hope that with effective advocacy, most/all of these can be averted)

1. Enrollment caps for each Medicaid program, a freeze in new enrollment, and/or time-limited enrollment?
2. Waiting lists start up again for Family Care and IRIS, longer waiting list for Children's LTS Waivers, and potentially new waiting lists for other Medicaid programs?
3. Return to a "divided entitlement", i.e. entitlement to an institution, but waiting lists for home and community-based services?
4. Charge some/all participants a premium?
5. Increase Medicaid copayments/cost-sharing beyond current levels?
6. Elimination of some/all current "optional services" in Medicaid, e.g. prescription drugs, personal care, PT, OT, speech therapy, dental services, eyeglasses, private duty nursing, and/or NEMT (Non-Emergency Medical Transportation)?

7. Across-the-board cuts to all of Wisconsin's Medicaid programs and/rationing (e.g. reduce hours of service, cut IRIS budgets, stop covering some medical procedures)?
8. Suspend some/many existing federal Medicaid regulations?
9. Loss of most/all Medicaid due process protections, e.g. re notice, appeals, hearings, etc.?
10. Create new Wisconsin Medicaid regulations and/or new features of current Wisconsin Medicaid waivers without federal approval?
11. "Lock out" provisions, i.e. if you miss your co-payment you are locked out of Medicaid for 6 months?
12. Mandatory health savings accounts?
13. People denied Medicaid or receiving reduced benefits end up in institutions or the criminal justice system?
14. Work requirements for some Medicaid recipients?
15. Wisconsin can implement past proposals such as limiting enrollment in BadgerCare to 48 months?

**E. Possible implications of a Medicaid Block Grant for the Wisconsin system, MCOs, ICAs, Medicaid HMOs, and Medicaid providers**

1. No (or insufficient) adjustment in the level of federal Medicaid funding for Wisconsin for increased enrollment in Medicaid, recessions, healthcare/long-term care cost inflation, epidemics, disasters?
2. Eliminate existing Medicaid waiver programs (including Family Care and IRIS)? (States won't need waiver approval if the block grant offers lots of flexibility)
3. Cuts (or freeze) in Family Care capitation rates and Medicaid HMO rates?
4. Rate cuts for Medicaid providers that will lead to the loss of more providers, making the current shortages (personal care/dental/mental health) worse?
5. Cost shifting from the federal government to states?
6. More people going to the emergency room and/or living without health care?
7. Less federal accountability, i.e. diminished CMS oversight role (possible suspension of the new CMS rule regarding home and community-based services)?