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April 20, 2011
Milwaukee Media Briefing on Paul Ryan's Budget

Good Afternoon.

My name is Sara Eskrich, and I am pleased to be here on behalf of the Wisconsin Council on Children and Families to express our opposition to Budget Committee Chairman Paul Ryan's proposal to radically restructure Medicaid, which will harm children and families in Wisconsin. Although the bill's deep cuts in Medicaid and Medicare benefits have been portrayed as a strategy for reducing the federal deficit, Congressman Ryan's bill uses the deep spending cuts primarily to pay for tax breaks for the wealthy, not for deficit reduction.

Block-granting Medicaid is a radical change. Instead of covering a set percentage of a state's Medicaid costs, the Ryan proposal would mean that the federal government will pay the state a fixed amount each year, regardless of changes in the state economy and the number of people who need Medicaid coverage. It will deeply cut the amount of money states receive, and that cut will grow larger and larger every year.

As opposed to current funding structure, Medicaid block grants do not guarantee coverage to the intended program beneficiaries – children, seniors, and people with disabilities. In fact, over the next 10 years, the proposal will have cut Medicaid by \$1.4 trillionⁱ, equal to about a one-third reduction in federal support. An analysis by the Center on Budget and Policy Priorities found that the changes would reduce federal funding for our Wisconsin's BadgerCare program by more than \$14 billion in the next ten years, as well as the \$9 billion promised by the Medicaid expansion in the Affordable Care Act.ⁱⁱ

These changes would mean that states would either have to kick in a lot more of their funds, or will sharply cut benefits and eligibility. And those cuts will get deeper when people need the coverage the most, like during a recession.

Instead of reforming the health care system as a whole, as started by the Affordable Care Act, Chairman Ryan's plan compounds the problem of high health care costs by forcing more people off Medicaid and into the ranks of the uninsured. Medicaid is a cost-efficient program, already 20% cheaper than an equivalent private-insurance plan. Cutting high health costs does not start with reducing access to preventive care and forcing those most vulnerable to get their health care in emergency rooms, thereby making health care delivery less cost-effective, and shifting increased hospital expenses for uncompensated care to other health care consumers.

Additionally, a Medicaid block grant would put even more pressure on states to reduce payments to hospitals, nursing homes, pharmacies, physicians, and managed care plans. Deep reductions in provider rates would likely cause more plans and providers to withdraw from Medicaid, which would threaten access to critical care and place greater pressure on community health centers and safety-net hospitals.

Medicaid is a core part of the successful coverage of Wisconsin's children and low-income parents, and it provides long-term care to many seniors and critical services that help Wisconsinites with disabilities live independently.

Medicaid responds automatically in a weak economy, helping vulnerable Americans weather tough economic times. If Medicaid had been changed into a block grant a few years ago, tens of thousands of additional Wisconsin families would have become uninsured during the severe economic downturn and wouldn't have been able to get the care they needed.

The Wisconsin Council on Children and Families urges Congress to reject the deep cuts in Medicaid and the proposal to block grant this vitally important program.

Thank you.

ⁱ Center on Budget and Policy Priorities, Robert Greenstein, *Chairman Gets Roughly Two-Thirds of His Budget Cuts From Programs for Lower-Income Americans*, (April 5, 2011)

ⁱⁱ Families USA, *Special Report: House Republicans Propose to Slash Funding For Medicaid, Medicare, and Other Health Programs*, (Washington, April 2011)