



P.O. Box 7222, Madison, Wisconsin 53707

May 22, 2017

Senator Alberta Darling
Joint Committee on Finance Co-Chair
Room 317 East, State Capitol
Madison, WI 53707-7882

Representative John Nygren
Joint Committee on Finance Co-Chair
Room 309 East, State Capitol
Madison, WI 53708

Re: Impact on Per Capita Caps/Block Grants on WI Medicaid budget

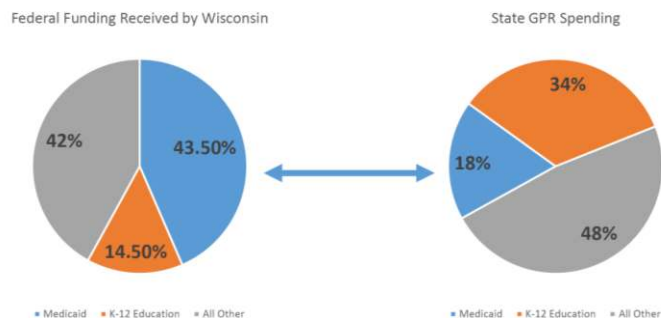
Dear Senator Darling, Representative Nygren, and Joint Finance Committee members:

The Survival Coalition is a group of more than 30 statewide disability organizations that advocate and support policies and practices that lead to the full inclusion, participation, and contribution of people living with disability.

We are writing to express concern about decisions being made in Washington that could result in significant changes to the funding structure for Medicaid and impact our state budget and taxpayers. The Legislative Fiscal Bureau briefly references this in item number 32 of paper #320.

Specifically, the American Health Care Act, which passed the U.S. House of Representatives on May 4 and is now headed to the U.S. Senate for a vote, proposes to change the 50-year Medicaid program into either a block grant or per capita payment to states. It is unclear how much of a funding reduction Wisconsin might experience, but national estimates indicate a total reduction of 25% or \$880 billion in federal funding.

As you are aware, the federal government currently funds about 60% of Wisconsin's Medicaid costs, bringing roughly \$5 billion to Wisconsin. These federal matching funds are the largest funding source for Wisconsin's Medicaid programs and help to ensure that state GPR can be used for other essential purposes.



In March the Congressional Budget Office projected impacts on states that would be forced to operate under a per capita cap or block grant: "With less federal reimbursement for Medicaid, states would need to decide whether to commit more of their own resources to finance the program at current-law levels or whether to reduce spending by cutting payments to health care providers and health plans, eliminating

optional services, restricting eligibility for enrollment, or (to the extent feasible) arriving at more efficient methods for delivering services.”

Our analysis of the proposed cuts shows it will be difficult for Wisconsin to meet current and future enrollment needs in a block grant or per capita cap scenario. Wisconsin has already achieved significant cost savings compared to other states, specifically related to long-term care populations which are among the most expensive to serve. The clear majority of long-term care participants are enrolled in managed care while other states are just now making the switch from fee-for-service to managed care. This shift alone has already resulted in savings of approximately \$300 million per year compared to the legacy waiver programs it replaced.

Rough estimates provided by the Urban Institute project a \$1 billion loss in Medicaid funds for Wisconsin under the AHCA. http://www.urban.org/sites/default/files/publication/89061/2001186-the_impact-of-per-capita-caps-on-federal-spending-and-state-medicaid-spending_2.pdf

As you know, Medicaid funds a variety of programs and supports for children, people with disabilities and older adults in Wisconsin, including low-income adults. Across the state many people with disabilities are not even aware that a program or support they are using is dependent upon federal Medicaid matching funds. This includes supports like school therapies, prescription drugs, transportation, job coaching, personal care or programs like Family Care, IRIS, Katie Becket, ForwardHealth, Comprehensive Community Services (mental health) and more. In total, more than 20 programs are funded through Medicaid in our state. Many of these services and programs are considered as optional under the law, but are essential to people’s lives. Medicaid also supports approximately 75,000 small business providers in Wisconsin. According to the Legislative Fiscal Bureau’s January 2017 informational paper on Medicaid, Wisconsin schools alone drew down more than \$100 million in federal matching funds to support therapies and other services for children with disabilities.

In the [February 24, 2017 letter from Joint Finance Committee Co-chairs](#) to the Wisconsin Congressional delegation, prior to passage of this bill, you requested that Wisconsin be treated fairly. The proposed formula for per capita caps or block grants will clearly harm our state.

We ask that prior to this bill becoming law that you once again communicate with the Congressional Delegation to indicate, at a minimum, that:

- Wisconsin legislators need more specific information on how a block grant or per capita cap would impact Wisconsin, including impacts on taxpayers and people with disabilities.
- Wisconsin representatives should not vote to support per capita caps or block grants if they lead to reductions in federal funding that result in forcing state legislators to choose between reducing essential programs and supports for people with disabilities or raising Wisconsin taxes.

Sincerely,

Survival Co-Chairs:

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