

Policy Terms for Pediatricians

Given the dynamic landscape of health and health care policy, pediatricians may feel challenged in understanding and responding to the major issues that impact children. The Center for Child Health Policy and Advocacy created Policy Terms for Pediatricians (PTP) to empower pediatricians invested in improving child health through policy and advocacy.

BLOCK GRANTS
and
PER CAPITA CAPS

WHAT DOES IT MEAN



MEDICAID: a public health insurance program for low-income individuals that is funded by both federal and state governments but managed at the state level. Funding for Medicaid is open-ended and need-based. It is a federal entitlement program meaning it must be funded in the budget and anyone who qualifies can enroll. Block Grants and Per Capita Caps have emerged as possible ways to control federal spending / generate federal savings while allowing states to design and tailor their Medicaid programs.

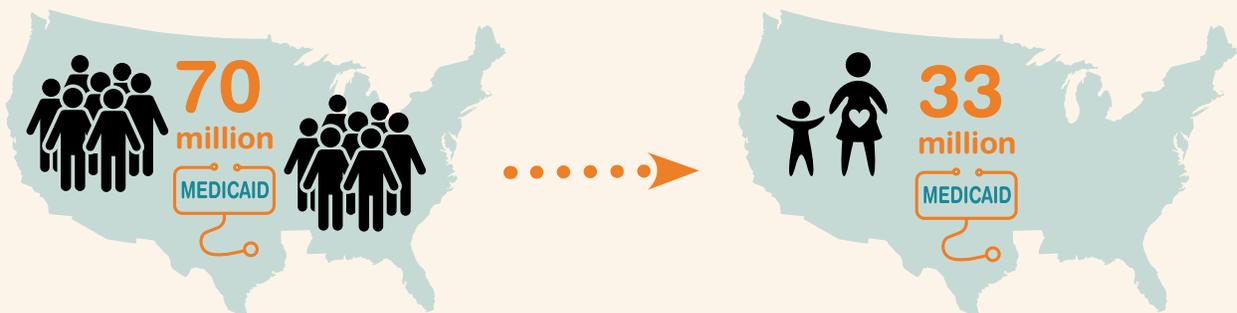


BLOCK GRANTS: Each state would receive an annual fixed amount of funding (spending cap) based on current state and federal Medicaid spending in that state. If state expenditures exceed the federal spending cap due to increased enrollment or rise in health care costs, the state is responsible for the remainder of costs and may have to pay more, decrease enrollment, or limit services.



PER CAPITA CAPS: Each state receive a set amount of federal funding per enrollee (**per capita cap**) The per capita caps might be the same for all enrollees, or might be calculated for different Medicaid subgroups (e.g., children, individuals with disabilities). The caps adjust for enrollment from year to year, allowing states to receive more funding if Medicaid enrollment changes (e.g., economic downturn, natural disasters). They do not address increases in health care spending putting the state at financial risk for any spending above the per capita cap.

WHY DO WE CARE



As the largest source of public health coverage in the U.S., Medicaid covers nearly 70 million Americans including 33 million infants and children. State Medicaid programs must provide Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefits to children under age 21.

Medicaid also covers low-income pregnant women although eligibility and services vary from state to state. The current discourse on Medicaid reform is relevant to any clinician or hospital that serves low income children and pregnant women or is concerned about the health of the nation's children.

Block grants and per capita caps have emerged as policy centerpieces to fund and reform Medicaid under the proposed American Health Care Act (AHCA), a potential replacement of the Affordable Care Act. The Congressional Budget Office estimates that these measures could cut federal Medicaid spending by as much as \$1 trillion over the next decade.

Under block grants and per capita caps and other waiver granting states greater flexibility in services offered and populations covered, Medicaid services become subject to the priorities and budgetary needs of individual states. Services could be decreased or eliminated all together with major consequences for children and pregnant women. As fewer benefits are covered and more cost sharing is implemented, reimbursement could decrease potentially impacting the viability of clinics and hospitals caring for Medicaid beneficiaries such as children's hospitals.

IMPLICATIONS OF BLOCK GRANTS AND PER CAPITA CAPS FOR CHILDREN

Funding Approach

Advantages

Disadvantages

Existing Medicaid Model



- Need-based
- Open-ended
- Guaranteed federal matching dollars
- EPSDT benefits for children

- Difficult to control costs
- Unpredictable federal funding

Block Grant



- Cuts federal spending
- Ensures predictable federal spending
- Promotes state flexibility and innovation
- Incentivizes states towards efficiency
- Incentivizes states to root out Medicaid abuse and fraud

- Smaller budgets to states
- Cost shifting to states
- Cost shifting to enrollees
- Cost shifting to providers through reimbursement
- Potential loss of EPSDT
- Potential work requirements for enrollees
- Does not adjust for changes in enrollment numbers

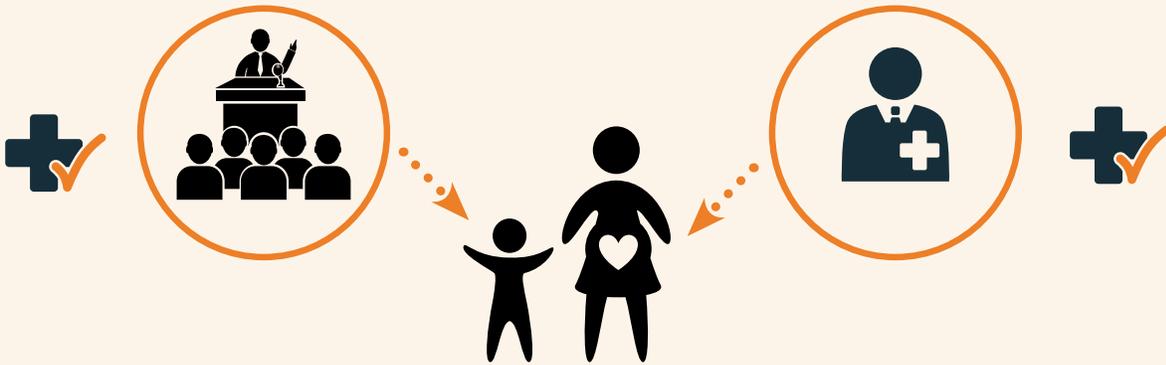
Per Capita Cap



- Cuts federal spending
- Ensures predictable federal spending
- Promotes state flexibility and innovation
- Incentivizes states towards efficiency
- Incentivizes states to root out Medicaid abuse and fraud
- Adjusts for changes in enrollment numbers

- Smaller budgets to states
- Cost shifting to states
- Cost shifting to enrollees
- Cost shifting to providers through reimbursement
- Potential loss of EPSDT
- Potential work requirements for enrollees

WHAT DO WE DO



As policy discussions evolve on Medicaid reform, pediatricians have a responsibility to help develop models that benefit patients, clinical practice, and the broader society. Pediatricians invested in the well-being of children, can maximize their impact by

1. Becoming more educated on the different methods for funding Medicaid
2. Learning how Medicaid operates in their state including reimbursement structures, waivers and supplemental funding
3. Researching the policy positions of state and federal representatives and senators regarding entitlement spending
4. If associated with an academic institution, collaborating with the institution's Government Relations office

The considerations are substantially complex and the consequences far reaching. Ultimately, pediatricians must commit advocacy efforts towards the best path forward to ensure the health and health care of all children.

START BY READING MORE ...

<http://healthaffairs.org/blog/2017/05/17/can-states-survive-the-per-capita-medicaid-caps-in-the-ahca/>

<http://healthaffairs.org/blog/2017/05/17/medicaid-what-happens-now/>

<http://www.kff.org/medicaid/issue-brief/5-key-questions-medicaid-block-grants-per-capita-caps/>

<https://ccf.georgetown.edu/2017/05/03/five-myths-about-the-medicaid-cap/>

Baylor
College of
Medicine®

DEPARTMENT OF
PEDIATRICS


Texas Children's
Hospital®