

AHCA's Medicaid Cuts Would Have Broad Impact: Compromised Health Services, Strained Behavioral Health & Education, & Lost Jobs

The American Health Care Act (AHCA) would dramatically change the financing of Medicaid health services from a shared federal/state responsibility to a capped federal allotment that would shift costs to the states.

According to a recent analysis by the Urban Institute, Missouri would face \$3 billion in increased costs within the first 10 years of implementation.¹ **This is more than double the amount of state general revenue used to fund Medicaid in the current year.**

As costs are shifted to the state, Missouri would be forced to choose between increasing taxes, cutting other public services like education, or, its most likely choice - cutting Medicaid services and eligibility. The cuts forced by this dramatic cost shift would:

- Compromise health services for Missourians across the state, with an even more severe impact on rural areas,
- Further exacerbate the already strained behavioral health care system,
- Increase educational costs for special education services, and
- Result in job losses in the state.

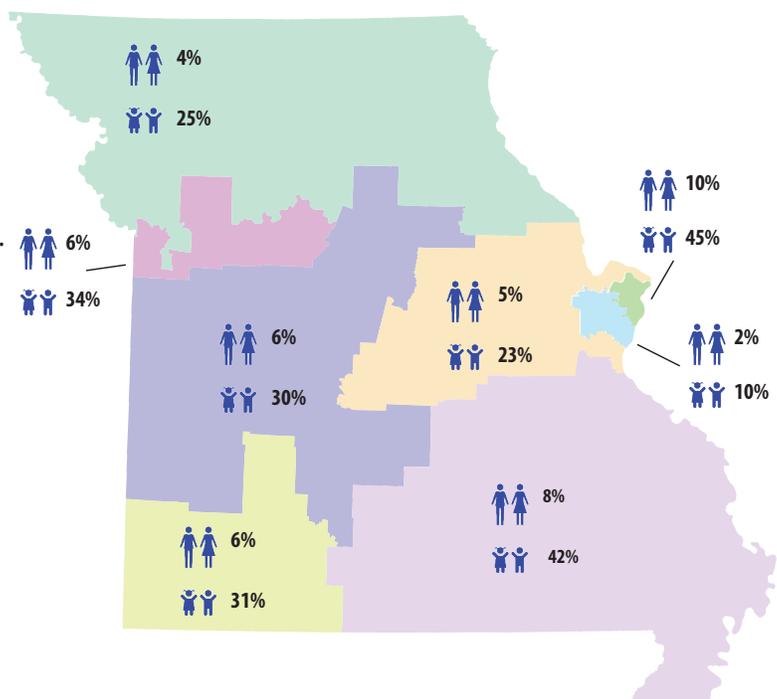
Federal Medicaid Cuts Would Affect Missourians Across the State

Medicaid provides access to comprehensive health care coverage for 990,000 Missourians, including children with special health care needs, seniors and people living with disabilities.

Medicaid also plays a critical role in supporting:

- Long-term care services for seniors with fixed incomes
- Comprehensive behavioral health care for 170,000 Missourians with serious mental illness or developmental disabilities
- Services & supports to help children with special needs succeed in school
- Affordable health care for children in foster care

Proportion of Adults and Children Covered by Medicaid, by Missouri Congressional District²



Medicaid Vital to Missourians' Health

Medicaid improves the health and economic well-being of Missourians:

- Missourians who have Medicaid health care coverage are more likely than the uninsured to access preventive care including prenatal care and immunizations, they are more likely to have regular check-ups and remain healthier.
- Children with Medicaid coverage are more likely to do better in school, finish high school, graduate college and earn more as adults.³

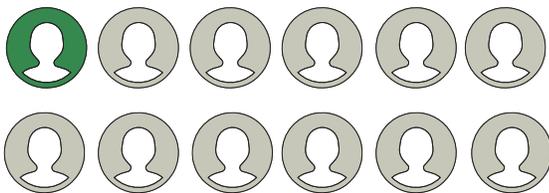
Medicaid Plays a Significant Role in Missourians' Health Care



2 in 5 of all Missouri kids - including 2 of every 5 babies born



1 in 4 of Missourians living with a Disability



1 in 12 of all Missouri seniors

Cuts Would Impact All Groups

Missouri already has some of the strictest Medicaid eligibility in the country. Low wage adults without children do not qualify, and custodial parents can only access Medicaid if their incomes fall below \$385 per month for a family of three.

Cuts to Medicaid eligibility would likely impact Missourians across all eligibility categories. While seniors and Missourians with disabilities account for the largest share of Missouri's Medicaid costs, children make up the largest portion of Medicaid patients. To make up for the cost to the state of per capita caps, state lawmakers would most likely be unable to protect any of these groups from cuts.

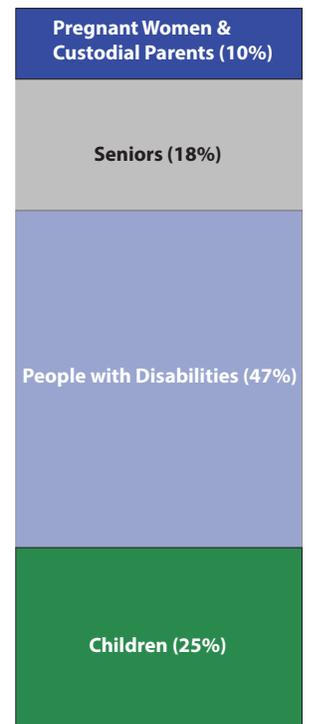
Missouri might also limit the types of services provided by Medicaid, including behavioral health care, dental, vision, podiatry, long term care, in-home services, and more.

In fact, during the most recent state legislative session, lawmakers debated cuts to in-home services and nursing home care for seniors and people with disabilities due to state budget constraints. Though these cuts were not approved in the end, they would have totaled \$35 million and impacted 8,000 Missourians. **In contrast, the cuts required by the caps in the AHCA would be eighty-five times that amount over a ten-year period.**

Missouri Medicaid Enrollment & Spending By population, FY 2016



Medicaid Enrollees by Category



Medicaid Spending by Eligibility Category

Medicaid's Role in Rural Health & Infrastructure

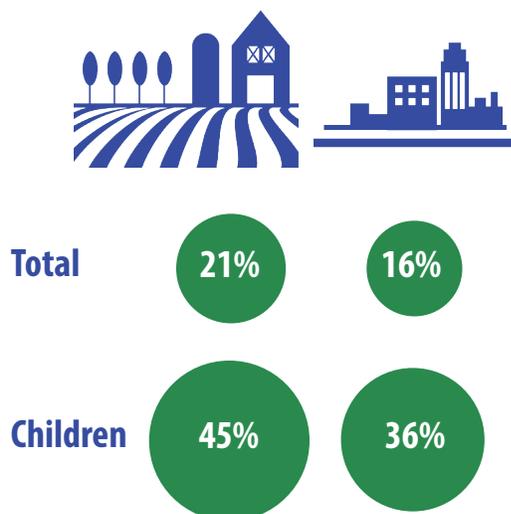
Medicaid is particularly beneficial for rural Missourians, who tend to be more reliant on the coverage provided through MO HealthNet than those in urban areas.

Many rural families are farmers or otherwise self-employed and lack access to employer-sponsored health care. They also tend to have lower incomes than urban Missourians. These families would not have access to health insurance if Medicaid were not available.⁴

Statewide, approximately 21 percent of rural Missourians access health care through Medicaid versus 16 percent of urban Missourians. And 45 percent of children living in rural areas of Missouri are served through Medicaid and the Children's Health Insurance program, compared with 36 percent of children living in urban areas.⁵

Rural Missourians More Likely to Be Covered by Medicaid

Medicaid Coverage in Rural & Urban Areas,
% of Total Residents & of Children



Because Medicaid is such a significant provider of health care coverage for rural Missourians, it also plays a critical role in providing funding for the rural health care infrastructure – helping rural hospitals, emergency centers and clinics to stay open and available for all rural residents.

Missouri has 36 critical access hospitals, 368 Rural Health Clinics, and 29 Federally Qualified Health Centers which provide services at 215 sites. These providers knit together a network that provides health care for rural Missourians. All of these entities rely on Medicaid to keep their doors open.⁶

Rural hospitals increasingly serve smaller populations and larger numbers of patients who are uninsured or who rely on Medicaid. Many of these hospitals aren't able to financially sustain the increased amount of uncompensated care they provide for those who are uninsured. In fact, since 2010 at least 79 rural hospitals across the country have closed, including the Southeast Health Center of Reynolds County, the Parkland Health Center- Weber Road and the Sac-Osage Hospital in Missouri.⁷

Cuts to Medicaid as proposed in the AHCA would place greater pressure on Missouri's hospitals, and would likely result in closures. This impacts access to emergency health services for all rural residents.

Behavioral Health Care

Medicaid also plays a vital role in supporting comprehensive behavioral health care services for the 170,000 children and adults who receive care through services provided by Missouri's Department of Mental Health (DMH). In the last year, the DMH provided:

- Services for 33,855 Missourians with developmental disabilities;
- Comprehensive behavioral health care for 77,224 Missourians struggling with serious mental illness; and
- Treatment for 61,029 Missourians struggling with alcohol and drug abuse.

The majority of care is provided through a network of 1,300 community-based nonprofit partners.⁸

Per capita caps in Medicaid would not only place these services at risk of cuts, but would likely result in significant reductions in funding for these nonprofit providers, many of which would be forced to scale back the services they provide.

Missouri already suffers from a lack of behavioral health care providers, particularly in rural areas of the state. Cuts to Medicaid which force providers to reduce services will only exacerbate this crisis. A recent analysis indicates that Missouri has 21.8 percent fewer psychiatrists and 13.6 percent fewer psychologists compared to other states. Without access to behavioral health care, many patients end up in crisis, accessing emergency departments of hospitals for care. In fact, a Missouri Hospital Association report showed that between 2006 and 2015, the utilization of hospital emergency rooms by patients with a mental health crisis increased by 40 percent.⁹

In addition to the impact of the Medicaid changes, the AHCA would eliminate requirements that private insurance plans provide coverage for behavioral health services. As a result, access to behavioral health care would be diminished both for Missourians who have Medicaid coverage and for Missourians who have private health insurance.¹⁰

Educational Services for Children with Special Needs

In addition to health services for children, Medicaid also covers educational services. Under federal law, schools are required to provide children with disabilities with medical and support services that are needed for the child to receive an education.

Medicaid reimburses schools for those services for children who are enrolled in Medicaid or CHIP and who have an individualized education plan (IEP). As a result, Medicaid currently helps to pay for the cost of providing special education for Missouri children. Per capita caps in Medicaid could reduce this funding for schools and result in increased costs for Missouri to provide education.¹¹

Missouri's Economy & Jobs

A recent George Washington University analysis found that by 2026, the AHCA would result in the loss of 22,600 jobs in Missouri, including 14,600 health care jobs.¹²

These are jobs that Missouri can ill afford to lose, but are consequences of the ripple effect of reduced federal spending, including capped Medicaid funding.

Federal funding for health care that comes to Missouri is used directly to reimburse hospitals, clinics, doctors' offices and other providers for the Medicaid services they provide. Those entities then pay their employees, creating an indirect effect on the economy. The employees use their income to purchase goods in the local economy, creating what is known as a "multiplier effect," or economic ripple.

Endnotes

1. For more on the impact of the per capita cap on Missouri and other states, see the Urban Institute, “The Impact of Per Capita Caps on Federal and State Medicaid Spending”, March 2017; data on Missouri spending on Medicaid is from the Missouri Department of Social Services, MO HealthNet Division, “FY 2017 Program Budget by Fund Source”)
 2. Georgetown University Center for Children and Families
 3. See “The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions,” National Bureau of Economic Research (NBER) Working Paper No. 20178, May 2014; “Childhood Medicaid Coverage and Later Life Health Care Utilization,” NBER Working Paper No. 20929, February 2015; “The Long-Term Effects of Early Life Medicaid Coverage,” Miller, Sarah and Laura R. Wherry,” accessed at http://www-personal.umich.edu/~mille/MillerWherry_Prenatal2015.pdf.
 4. Kaiser Family Foundation, “The Role of Medicaid in Rural America”, April 2017
 5. Georgetown University Center for Children and Families and the University of North Carolina NC Rural Health Research Program, “Medicaid in Small Towns and Rural America: A Lifeline for Children, Families, and Communities,” June 2017
 6. Rural Health Information Hub, available at <https://www.ruralhealthinfo.org/states/missouri>
 7. The North Carolina Rural Health Research Program (NC RHRP) at the Cecil G. Sheps Center for Health Services Research, webpage: 79 Rural Hospital Closures: January 2010 – Present, available at: <http://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>
 8. Missouri Budget Project, “Budget Basics: Mental Health 2017”, February 2017
 9. Missouri Hospital Association
 10. Urban Institute, “How Repealing and Replacing the ACA Could Reduce Access to Mental Health and Substance Use Disorder Treatment and Parity Protections,” June 2017
 11. Center on Budget and Policy Priorities, “Medicaid Helps Schools Help Children,” April 2017
 12. The Milken Institute School of Public Health - The George Washington University and The Commonwealth Fund “The American Health Care Act: Economic and Employment Consequences for States,” June 2017
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Appendix: Missouri Medicaid Enrollees by Congressional District

Missouri U.S. House District	Total Persons Enrolled	By Age (<i>Categories Not Exclusive</i>)				
		Under 6	Under 18	18 to 24	18 to 64	65 and older
1	157,822	29,636	79,189	9,427	63,817	14,816
2	38,893	6,541	18,388	2,303	15,977	4,528
3	89,298	18,540	47,376	6,436	35,206	6,716
4	107,570	22,821	56,123	6,335	41,223	10,224
5	125,293	27,279	67,181	7,031	46,042	12,070
6	93,192	18,075	50,966	6,362	32,802	9,424
7	115,829	20,992	62,590	7,042	42,479	10,760
8	158,814	28,425	80,103	10,187	60,941	17,770

Source: Medicaid/CHIP Beneficiaries by Congressional District, 2015; Census Bureau 2015 ACS Published Tables from American FactFinder