

**Written Statement for the Record by
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For the U.S. House of Representatives
Committee on Energy and Commerce, Subcommittee on Health
Hearing on “Saving Seniors and Our Most Vulnerable Citizens from an Entitlement Crisis”**

Monday, March 18, 2013

Chairman Pitts, Ranking Member Pallone, and members of the Committee on Energy and Commerce, Subcommittee on Health:

I submit this statement for the record on behalf of Families USA, a national nonprofit, non-partisan organization dedicated to the achievement of high-quality, affordable health care for all Americans. We believe we must protect our seniors and most vulnerable citizens from an entitlement crisis. For those who rely on Medicaid for their health care, an “entitlement crisis” would occur from a reduction or restructuring of the program that shifts more of the cost burden onto the seniors and families who cannot afford it.

Medicaid Helps Millions of Americans

Millions of Americans rely on Medicaid for health care and long-term care. More than 15.6 million seniors and people with disabilities rely on Medicaid, which is the largest payer of long-term supports and services, including home- and community-based care. Medicaid cuts would force states to reduce nursing home and home-care coverage, which would shift a larger burden onto individuals who need long-term care and onto their families. That would place a further strain on our struggling middle class.

Medicaid also provides health care for millions of low-income children and families. The program is integral to women’s health, as more than two-thirds of all adult Medicaid enrollees are women. Communities of color disproportionately count on it for their health care.

Medicaid Is a Lean Program

Medicaid is a program that has little fat to cut. Administrative costs in Medicaid are extremely low. More than 96 percent of federal Medicaid spending goes to pay for health care and long-term care for program enrollees, not overhead. Payment rates for providers in Medicaid are already lower than rates for Medicare and private insurance. Cutting rates further could mean that more providers would be unwilling to participate in the program. And although health care costs are rising faster than inflation, Medicaid costs are rising more slowly than health care costs in the private market.

Medicaid Provides Good Health Care

Americans with Medicaid like their health care. One study found that *54 percent* of adults with Medicaid rated their health plan a “9” or “10” on a 1 to 10 scale (with 10 being the highest).¹ Several studies have shown that having Medicaid is far better than being uninsured.

¹ Department of Health and Human Services, Agency for Healthcare Research and Quality, *2011 Consumer Assessment of Healthcare Providers and Systems Survey Chartbook*, “Overall Rating of Health Plans,” report generated May 2, 2012. Based on 2011 reported satisfaction for adults in Medicaid and adults in private commercial insurance.

Cutting Medicaid Would Shift Costs to the States and Damage Local Economies

Medicaid is an invaluable tool for states when economic downturns or natural disasters hit, because of the program's ability to expand to serve additional people in crisis. Any cut or restructuring of Medicaid—whether it be by block granting the program, instituting a per capita cap, or by limiting provider taxes—is simply a cost shift to states and families. Federal Medicaid spending stimulates economic activity and job growth in the states. Cutting Medicaid while state economies are still struggling would severely jeopardize states' financial recovery.

Cutting Medicaid Would Jeopardize the Affordable Care Act's Expansion of Medicaid

As of the writing of this statement, more than 15 states and the District of Columbia have signaled that they plan to cover the uninsured in their state by expanding the Medicaid program as allowed by the Affordable Care Act. Support for the Medicaid expansion includes both Democratic and Republican governors. However, if cuts or changes are made to Medicaid, it would send the wrong signal to states about the federal government's commitment to the program.

We agree that we must help seniors, low-income families and other vulnerable Americans from facing an entitlement crisis. That is why we believe cuts or structural changes to Medicaid would be devastating to the millions of Americans who rely on the program for their health and well-being. As our economy struggles to recover, now is not the time for the federal government to scale back its support for Medicaid or shift costs to states and families.