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# Impacts of Republican Medicaid Cuts in Illinois's 12th Congressional District

**Committee on Energy and Commerce, Democratic Staff**

Medicaid provides health care coverage for almost 60 million Americans of all ages, including 16 million seniors and people with disabilities and over 30 million children. Under Medicaid, the cost of this coverage is a combined responsibility of federal and state governments, with the federal government paying for over half of Medicaid's costs nationwide.

Under the budget passed by House Republicans, Medicaid's guarantee of coverage would be eliminated, Medicaid would be turned into a block grant program, and the federal contribution to Medicaid would be reduced by nearly $800 billion over the next decade. Other changes proposed by House Republicans would allow states to eliminate coverage for seniors, individuals with disabilities, children, pregnant women, and others currently enrolled in Medicaid. These changes would have a profound impact on Medicaid's ability to provide health coverage to millions of Americans.

In the 12th congressional district in Illinois, which Rep. Jerry F. Costello represents, these provisions could:

- Reduce coverage for **17,600 dual eligible seniors and individuals with disabilities** who rely on Medicaid to supplement their Medicare coverage or pay their Medicare cost sharing.
- Jeopardize nursing home care for **2,400** whose expenses are paid by Medicaid.
- Impair the health care of **76,000 children**, including **5,000 newborns** each year, who receive coverage under Medicaid.
- Cut payments to hospitals for **50,000 emergency room visits** paid for by Medicaid each year.
- Cut payments to hospitals for **13,700 inpatient visits** paid for by Medicaid each year.
- Reduce jobs and hurt economic growth by eliminating **$2.0 billion** in Medicaid spending.

## Republican Medicaid Proposals

On April 15, 2011, House Republicans passed their budget proposal (H. Con. Res. 34) for FY 2012. This budget proposes to turn Medicaid from an entitlement into a block grant and reduce federal spending on the program by nearly $800 billion over the next ten years. Under the Republican budget, federal spending on Medicaid in 2022 would be cut in half. According to the nonpartisan Congressional Budget Office, "Because of the magnitude of the reduction in federal Medicaid spending under the proposal ...

states would face significant challenges in achieving sufficient cost savings." As a result, they "could reduce the size of their Medicaid programs by cutting payment rates for doctors, hospitals, or nursing homes; reducing the scope of benefits covered; or limiting eligibility."[1]

On May 12, 2011, the Subcommittee on Health of the House Committee on Energy and Commerce reported legislation (H.R. 1683) to repeal Medicaid responsibility "maintenance of effort" provisions in Medicaid. These provisions prevent states from eliminating coverage for seniors, individuals with disabilities, children, pregnant women, and others currently enrolled in Medicaid. The full House of Representatives is expected to vote soon on this legislation. If it becomes law, this bill would allow states to make significant cuts immediately in Medicaid coverage.

## Impacts in Rep. Costello's District

This analysis provides information on the impact of the Republican Medicaid proposals in the 12th Congressional District of Illinois, which is represented by Rep. Jerry F. Costello. Currently, 149,000 individuals in the district receive health care coverage under Medicaid.

**Impacts on Seniors.** Medicaid provides health care coverage for over 17,600 seniors and individuals with disabilities in the district who are "dual eligible" for both Medicare and Medicaid. The Medicaid benefits received by these individuals include payment of their Medicare Part B premiums, coverage of Medicare cost-sharing, dental and vision benefits, and long-term care. There are 2,400 nursing home residents in the district -- 63% of all nursing home residents -- whose care is paid for by Medicaid. Medicaid cuts of the magnitude proposed by House Republicans could lead to both eligibility and coverage restrictions for these seniors and individuals with disabilities, including reduced nursing home staffing and other cuts that affect quality of care and put seniors at risk.

**Impacts on Infants and Children.** Medicaid provides health care coverage, including vaccinations, well-child visits, and vision and dental benefits, for 76,000 children in the district. Last year, Medicaid also paid for the births of 5,000 children in the district. Cuts in Medicaid funding or eligibility could place coverage for these infants and children at risk.

**Impacts on Hospitals.** There are 302,000 emergency room visits each year in the 12th Congressional District. Last year, Medicaid paid for 50,000 of these ER visits. If Medicaid eliminated coverage for these visits or reduced its reimbursement rates, local hospitals would experience a significant increase in uncompensated care, which could lead to cutbacks in the availability of emergency care and compromise readiness for terrorist events and other large-scale emergencies.

There are also 99,000 hospital visits annually in the district. An estimated 14% of these visits -- 13,700 hospital visits annually -- are paid for by Medicaid. If Medicaid

[1] Letter from Douglas W. Elmendorf, Director, Congressional Budget Office, to Paul Ryan, Chairman, Committee on the Budget (April 5, 2011).

payments were cut, hospitals would lose funds needed to maintain and provide critical services; if Medicaid eligiblity were rolled back, many sick residents would be unable to pay for necessary care, increasing the amount of uncompensated care provided by hospitals.

**Impacts on the Economy.** Under the Republican budget, federal Medicaid assistance would be cut by $771 billion over the next decade, an average of over $13,000 per enrollee for each of the almost 60 million Medicaid enrollees nationwide. In Rep. Costello's district, cuts of this magnitude would mean a loss of $2.0 billion in federal health care funding over the next decade. The impact of these cuts would ripple through the state and local economy, costing jobs for health care providers and suppliers, slowing economic recovery, and reducing income taxes and other revenues.

*Data sources: Data on Medicaid enrollment and provision of services was obtained from the National Minority Quality Forum, which extrapolated the data at the district level from sources that include the Medicaid Analytic eXtract (MAX) system; the National Hospital Ambulatory Medical Care Survey (2008); Small Area Health Insurance Estimates for Counties (2007); Medicaid Enrollment Data by State, Kaiser Family Foundation (2008); the Nationwide Inpatient Sample, Healthcare Cost and Utilization Project; the 2000 U.S. Census; and the CDC Behavioral Risk Factor Surveillance System. Data on the number of dual eligible Medicaid enrollees and the number of nursing home residents was obtained from the Centers for Medicare and Medicaid Services.*