

**SUPPORT INCREASED MEDICAID FUNDING FOR HOME CARE;
OPPOSE MEDICAID CUTS; AND REJECT CAPS ON
FEDERAL MEDICAID PAYMENTS**

ISSUE: States are suffering budget shortfalls and many have begun, or are planning, to cut back their Medicaid programs. In his FY 2006 budget the President recommended a cut in federal Medicaid payments of \$60 billion over five years. This was offset in part by the President's proposal to spend \$15 billion on new Medicaid initiatives such as expanding home and community-based care. The President has recommended Medicaid "reforms" that would give states greater flexibility to change program rules in exchange for caps on federal Medicaid payments for optional benefits. Congress has passed a Budget Resolution that instructs the House Energy and Commerce Committee and Senate Finance Committee to cut entitlement spending by up to \$10 billion over five years. Though the Committees may look to Medicare or elsewhere for a portion of these savings, it was expected that most of these savings would come from Medicaid.

RECOMMENDATION: Congress should support increased Medicaid funding for home and community-based care, oppose Medicaid cuts and reject caps on the federal contribution to Medicaid.

RATIONALE:

- Increasing the delivery of cost effective health care services in the home rather than in institutions is one of the keys to solving the Medicaid funding crisis.
- Cuts in federal Medicaid funding would likely result in cuts in home and community-based care and impede efforts to implement the Olmstead court decision, which requires states to offer home care as an alternative to institutionalization.
- If a cap on federal matching funds for optional benefits were instituted, then states experiencing even tighter Medicaid budgets might cut home and community-based care, which is largely an optional benefit, and rely more heavily on nursing home care, which is a mandatory benefit.

(8/05) For more information, contact NAHC Government Affairs, 202-547-7424