

## **Coalition of Consumer and Provider Groups Anticipates Effort to Cut Medicaid in 2005**

Medicaid advocates from across the nation recently joined in a conference call to assess the impact of the November election and develop strategies for opposing potential cuts to Medicaid and other health care programs next year. The expectation among those who participated in the call is that the Bush Administration and Congress are likely to propose significant cuts to Medicaid in the coming year.

President Bush has promised to cut the national deficit in half within five years, and also to allow younger workers to put aside part of their Social Security payroll taxes into private accounts--a move expected to cost between \$1 trillion and \$2 trillion over the next decade. Such initiatives, combined with continuing heavy costs of maintaining homeland security and stabilizing Iraq, will create pressure for cost reductions in entitlement programs like Medicaid.

Because of the major Medicare reform legislation that was passed last year, many Medicaid advocates predict that Congress may not have the appetite for making additional significant Medicare changes in 2005. For this reason, any attempts to cut expenditures in entitlement programs next year could focus on Medicaid.

However, a provision in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also known as MMA, that requires the President to propose Medicare cuts whenever more than 45 percent of Medicare financing must be sourced from general revenues is expected by many analysts to be triggered in 2006. Congress then would be required to consider adopting these cost-cutting proposals under expedited procedures. In addition, if the Medicare Payment Advisory Commission (MedPAC) continues to recommend cuts in the inflation update for some Medicare providers--including home health---Congress might propose such cuts as a means of reducing Medicare spending.

Medicaid advocates believe that congressional efforts to block-grant Medicaid were defeated in 1995 by former President Bill Clinton, and again in 2003 by a threatened Democratic filibuster. The likely difference next year, with a strengthened Republican majority in Congress, is that the Bush Administration's plan to cap the federal Medicaid contribution in exchange for allowing states greater flexibility in administering Medicaid could find its way into a budget reconciliation package that would not be subject to a filibuster.

The top priority for the Medicaid coalition in 2005 should be to work with members of Congress from both political parties to prevent this from happening, conference call participants agreed. During the call, Medicaid advocates from senior and disability groups recognized the need to ally themselves with Medicaid providers to prevent potential cuts to the program next year.