



MEDICAID MATTERS

*Reject Any Legislative Proposal
to Cut, Cap, or Block Grant the Program*

Lutheran Services in America is a faith-based network of health and human service providers dedicated to advancing health and opportunity in 1,400 communities across the country. We recognize the essential role Medicaid plays in supporting working families, rural communities, older adults, people with disabilities, and others.

We urge policymakers to protect Medicaid from harmful cuts to the program in any form — including direct cuts, caps, or block grants — that would threaten access to care and financial security for millions of people in America. These measures would lead to **millions of people losing access to health insurance.**

Other proposed changes such as **work (reporting) requirements, more frequent income reporting requirements for enrollees, limiting states' ability to use provider taxes to support Medicaid, and reducing the federal contribution for Medicaid expansion populations** would also lead to major losses in coverage.

This would **shift significant costs and risks to states**, leading to the depletion of resources otherwise available for other essential services and to worse health outcomes for children, working parents, and others.

Medicaid provides health insurance to almost 80 million people including:

- 7.2 million older adults, among them 756,000 nursing home residents;
- 36.8 million children;
- 14 million rural residents; and
- 8.4 million adults with disabilities.

Medicaid supports hardworking families

- Cutting Medicaid would place a **huge financial burden on hardworking Americans**, many of whom work in sectors without employer-sponsored health insurance.
- Medicaid benefits are more comprehensive than private insurance at a significantly lower out-of-pocket cost to many hardworking, middle class, and low-income beneficiaries.
- Protecting Medicaid means children miss fewer school days and are more likely to earn more as adults; families have less risk of medical debt and can afford to buy groceries and pay rent; and seniors are more able to stay healthy and receive needed care.

Medicaid strengthens rural America

- Medicaid is a critical funding source keeping rural hospitals open. Since 2010, **74% of rural hospital closures have been in states that have not expanded Medicaid.**
- Cuts to Medicaid directly threaten the ability of rural hospitals, skilled nursing facilities and clinics to retain doctors, nurses, and healthcare professionals.
- Protecting Medicaid keeps emergency care available, supports rural economies, and maintains access to care for families, farmers, and small business owners in rural communities.
- When Medicaid funding is reduced, rural healthcare providers face even greater financial strain, further exacerbating existing staffing shortages, leading to longer wait times for services for patients seeking care.

Medicaid work reporting requirements threaten to strip healthcare coverage from hardworking Americans

- **Most adults under 65 on Medicaid are already working.** Among those not receiving SSI, SSDI, or Medicare, 64% are employed; others are not working due to caregiving (12%), illness/disability (10%), or school attendance (7%).
- Access to affordable health insurance has **positive impacts on people's ability to obtain and maintain employment**, while poor health is associated with risk of job loss.
- Medicaid work reporting requirements are costly and inefficient. Georgia's "Pathways" program has cost over \$40 million (through June 2024), with nearly 80% of funds spent on administrative overhead and consulting fees instead of providing healthcare services.

Medicaid has a deep economic impact

- The majority of the public (**74% of voters**) have a favorable view of Medicaid and **69% of voters** oppose making spending cuts to the program.
- Cutting Medicaid funding would **make our country's affordability crisis much worse**. Cutting federal Medicaid funding would directly threaten health and financial well-being for the 80 million people in America who rely on Medicaid for health insurance.
- Federal Medicaid funding cuts would force states to either raise taxes or reduce access to care by limiting program eligibility, cutting covered benefits, or lowering provider reimbursement rates.

Medicaid block grants and per capita caps threaten access to care

- Proposals for a per capita cap or block grant would strip Americans of essential health coverage and benefits, shift financial burdens to states, and destabilize healthcare providers.
- Capping Medicaid funding would force states to cut provider rates, reduce benefits, or limit eligibility – leaving many without access to necessary care. Lower provider payments would drive doctors and hospitals out of Medicaid, reducing healthcare options and forcing families to face unaffordable out-of-pocket costs.
- Block grants and per capita caps would weaken states' ability to respond to public health emergencies by restricting funds and flexibility, making it harder to scale services, deploy needed resources, and protect vulnerable populations during crises, pandemics, and natural disasters.

Medicaid prevents costly illnesses

- Medicaid provides cost-effective, preventative care that **reduces burdens on the health system**.
- People with Medicaid are more likely to use preventive care than individuals without insurance, be connected to a primary care provider, and receive regular care for chronic conditions, which keeps health care costs low.

Lutheran Services in America urges policymakers to protect Medicaid by opposing any legislation that seeks to cap, cut, or block grant Medicaid funding, or that creates undue administrative hurdles for enrollees or for states.

Lutheran Services in America is one of the nation's largest national networks of health and human service providers with a mission to cultivate caring communities that advance health and opportunity for all. With 300 nonprofit organizations across 1,400 U.S. communities, the Lutheran Services in America network advances health outcomes for children, youth and families, improves independence and choice for older adults, champions meaningful services and support for people with intellectual and developmental disabilities, and strengthens stability and purpose for veterans, and other special populations. Formed in 1997, Lutheran Services in America brings together a network of leaders, partners and funders to catalyze innovation, and strengthen organizational capacity.

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