

Medicaid “Modernization”: Bush Proposal Risky for People with HIV/AIDS

The Bush Administration recently announced a Medicaid reform proposal that claims to give states more flexibility and enhanced funding in return for a capped allotment. In reality, the proposal will endanger benefits for many people, including those living with HIV/AIDS, who rely on Medicaid as a safety net program.

The Plan:

- The Bush Administration would offer short-term relief to states by allowing them to borrow funds immediately, but then require them to pay this money back within 10 years.
- In order to receive this relief, states would agree to a capped block grant, replacing the federal government’s commitment to share the costs of Medicaid.
- The proposal offers states more flexibility in the coverage of optional populations and determining covered services with no permanent increase in funding.

What are block grants?

- Instead of providing reimbursements dependent upon the funds that the state contributes to their Medicaid program, the federal government would pay an initial allotment to the state and increase this amount annually according to a formula.
- States would receive increased funding from the federal government in years 2-7. But in years 8-10, states would get *less* than projected Medicaid growth.

What does this mean for people living with HIV/AIDS?

- **Medicaid “Modernization” would destabilize continuity of care for people with HIV/AIDS.** There is no guarantee that the federal block grant funds will be sufficient to run Medicaid programs in the future. If the costs of a state's programs were to increase more than projected amounts (due to a recession or to increases in the epidemic), states would not receive additional federal support.
- **Medicaid “Modernization” would jeopardize funding for “optional” populations.** Current federal regulations dictate which populations are eligible for Medicaid coverage but give states the option of extending coverage to other populations. Because the new Bush proposal will limit the amount of federal funding states receive, states may not be able to extend coverage to “optional” populations, which often include low-income individuals living with HIV/AIDS.

Ultimately, the Bush Administration’s Medicaid “Modernization” proposal would be disastrous for people living with HIV/AIDS and others who depend on this important healthcare program. Allowing states to borrow money for Medicaid, at the expense of decreasing Medicaid assistance in the long term, poses a threat to the continuity and availability of healthcare for people with HIV/AIDS.