



Threats to Medicaid and Other Lifeline Programs in the 113th Congress

The Arc Chapter Webinar
March 6, 2013

Achieve with us.

Presentation Outline

- Federal Budget Issues
- Social Security, and SSI
- Medicaid
- What Advocates Can Do

113th Congress - The Context

- Party leadership maintained
- Dynamics
 - Slightly less conservative than the previous Congress but still divided
 - Members with agenda - willing to shut things down ?
- Bipartisanship ?
- Fundamental debate about role of government

A little background: Three Step BCA Process

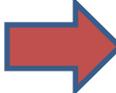


Budget Control Act - Enacted August 2, 2011

Step 1 - Caps on discretionary programs

- Cut over \$840 billion over a 10 year period (2012-2021).

Step 2 - Congress to reduce the deficit by additional \$1.2 trillion. (Joint Select Committee on Deficit Reduction - “Super Committee”) *failed*



Step 3 - Failure at Step 2 triggered additional caps on spending for 2013-2021.

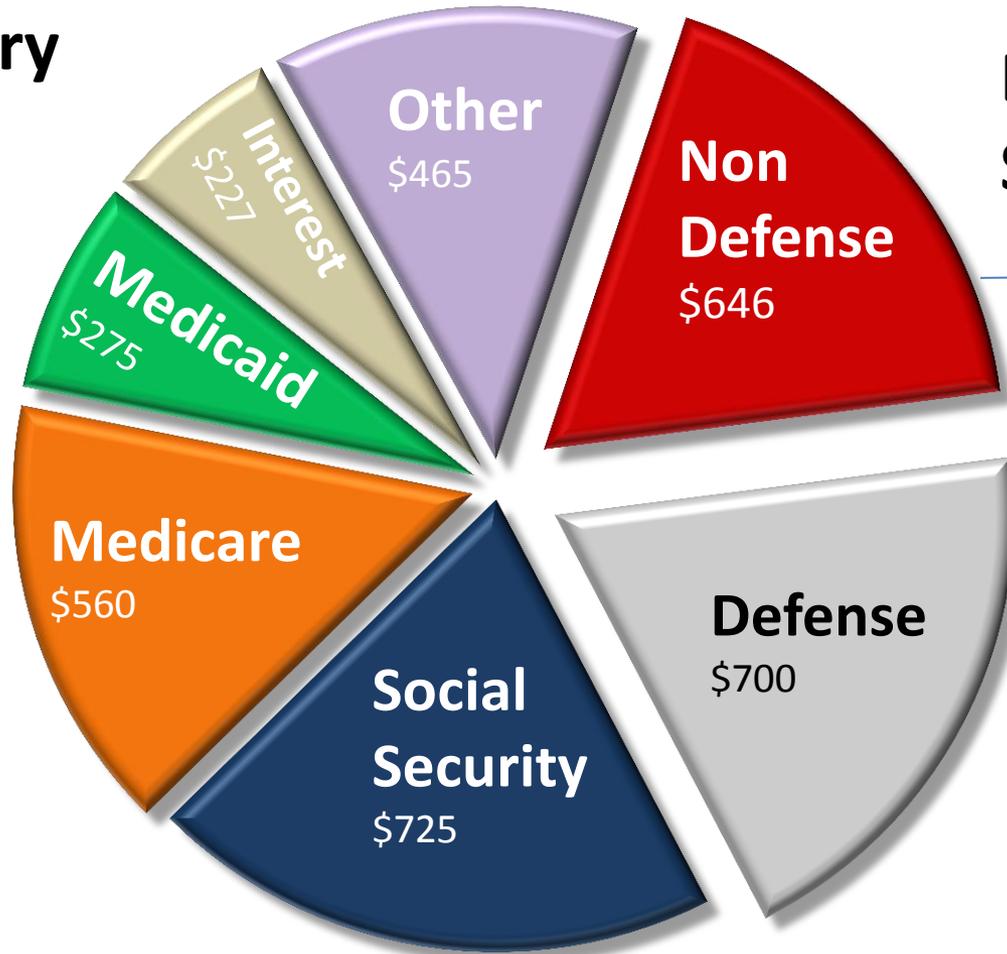
- If caps exceeded, across-the-board cuts would be made (“sequestration”) - scheduled to start Jan 1, 2013.

What We Spend

TOTAL FEDERAL SPENDING IN FY 2011 = \$ 3.598 Trillion
(in billions)

**Mandatory
Spending**

**Discretionary
Spending**



Includes all other
disability-related
programs

[Source: Data from Congressional Budget Office, Jan 2012.
The Budget and Economic Outlook: Fiscal Years 2012 to 2022](#)



What's Included in Non-Defense Discretionary?



EDUCATION

- IDEA Early Intervention
- IDEA Preschool Grants
- IDEA State Grants



FAMILY SUPPORT

- Lifespan Respite Care Act grants

HOUSING

- Section 811 Supportive Housing for Persons with Disabilities



EMPLOYMENT

- Vocational Rehabilitation State Grant
- Supported Employment State Grant



RESEARCH

- Center on Birth Defects & Developmental Disabilities
- National Institute of Child Health and Human Development



DD ACT PROGRAMS

- State DD Councils
- Protection & Advocacy Systems
- University Centers for Excellence



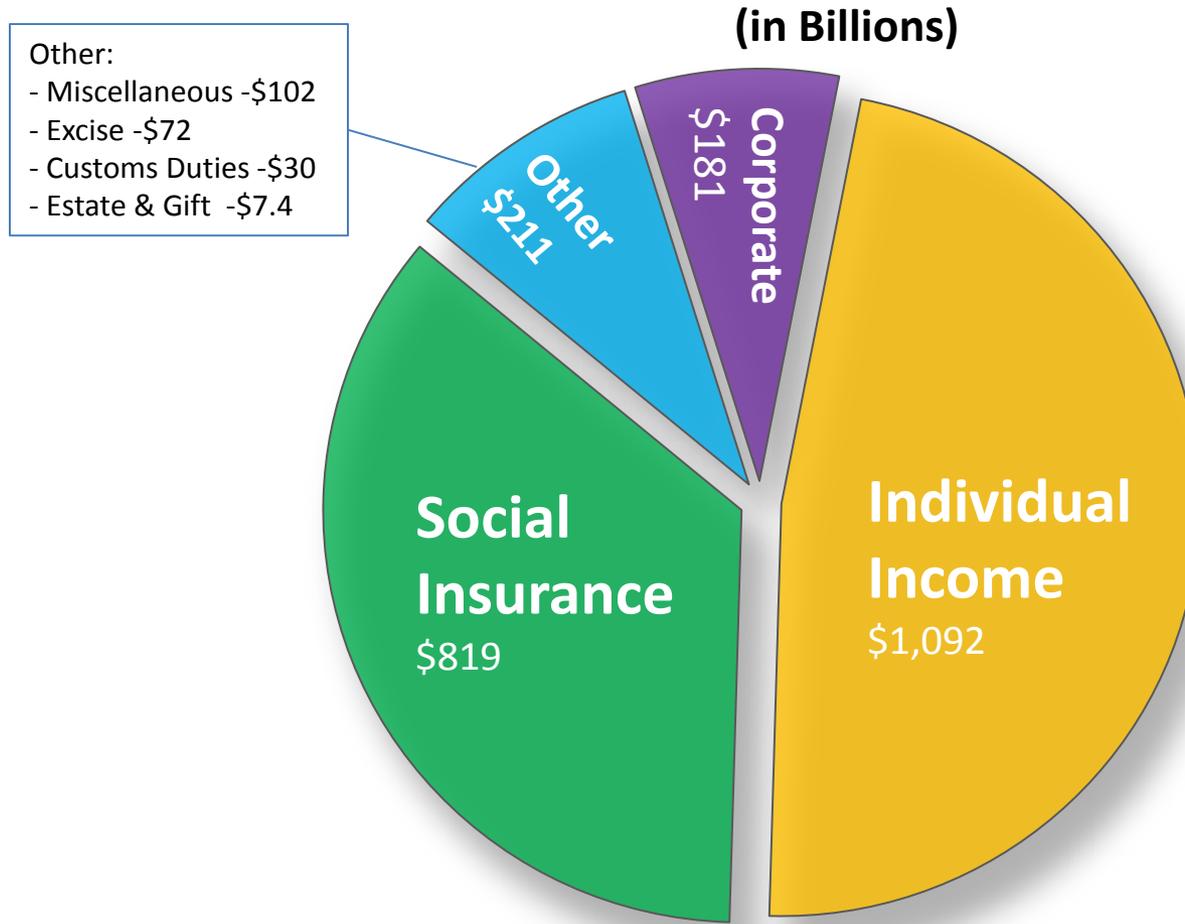
Achieve with us.

And Many More....

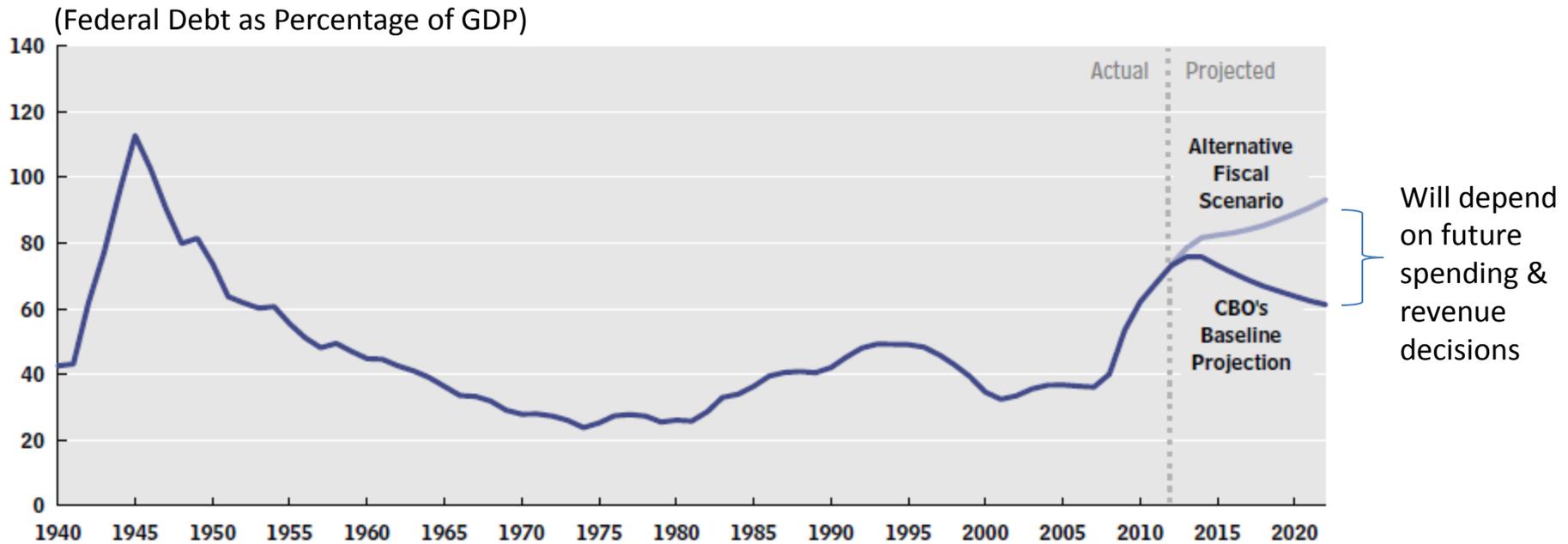
What We Bring In



TOTAL FEDERAL REVENUE IN FY 2011 = \$2.303 Trillion



Our Long Term Debt



We are now closer to CBO's Alternative Fiscal Scenario which assumed:

- 1) All expiring tax cuts are extended (\$5 trillion added to deficits over 10 years)
- 2) Medicare physician payment rate held constant (\$300 billion added to deficits over 10 years)
- 3) BCA across-the-board cuts do not happen (\$1.2 trillion added to deficits over 10 years)

[Source: CBO, March 2012. Updated Budget Projections: FY 2012 to 2022](#)

The Arc's Topline Messages about Fiscal Cliff Deal I

- So far, for every \$1 that tax revenues have been increased, \$2.50 in spending has been cut from programs that protect our families.
- Was only a first step toward making our tax system fairer.
- The poor and middle class are still bearing most of the burden when it comes to reducing the deficit.
- As Congress considers a new budget deal, we must raise revenues on upper income Americans in order to protect damaging cuts to Social Security, Medicaid, SSI, and other vital programs.

Timeline of Fiscal Showdown



- March 01 Across -the-board spending cuts (“sequestration”) to take effect
- March 27 FY 2013 short term appropriations (“continuing resolution”) ends
- March 30 President to release 2014 Budget
- April 15 House & Senate to pass 2014 Budget
- May 18 Debt ceiling limit increase expires
- ? FY 2014 appropriations

Signals from the Administration on Entitlements

*“....For we remember the lessons of our past, when twilight years were spent in poverty and **parents of a child with a disability** had nowhere to turn...The commitments we make to each other through Medicare and **Medicaid** and Social Security, these things do not sap our initiative, they strengthen us. They do not make us a nation of takers; they free us to take the risks that make this country great.”*



2013 Inaugural speech

Why Increase Revenue?



- If revenue is not part of discussion—cuts will devastate programs
- Longstanding position of The Arc's to:
 - Protect the safety net
 - Raise revenues when needed
 - Protect low-income people from paying more taxes
- Federal and state government provides critical services and supports to live in the community

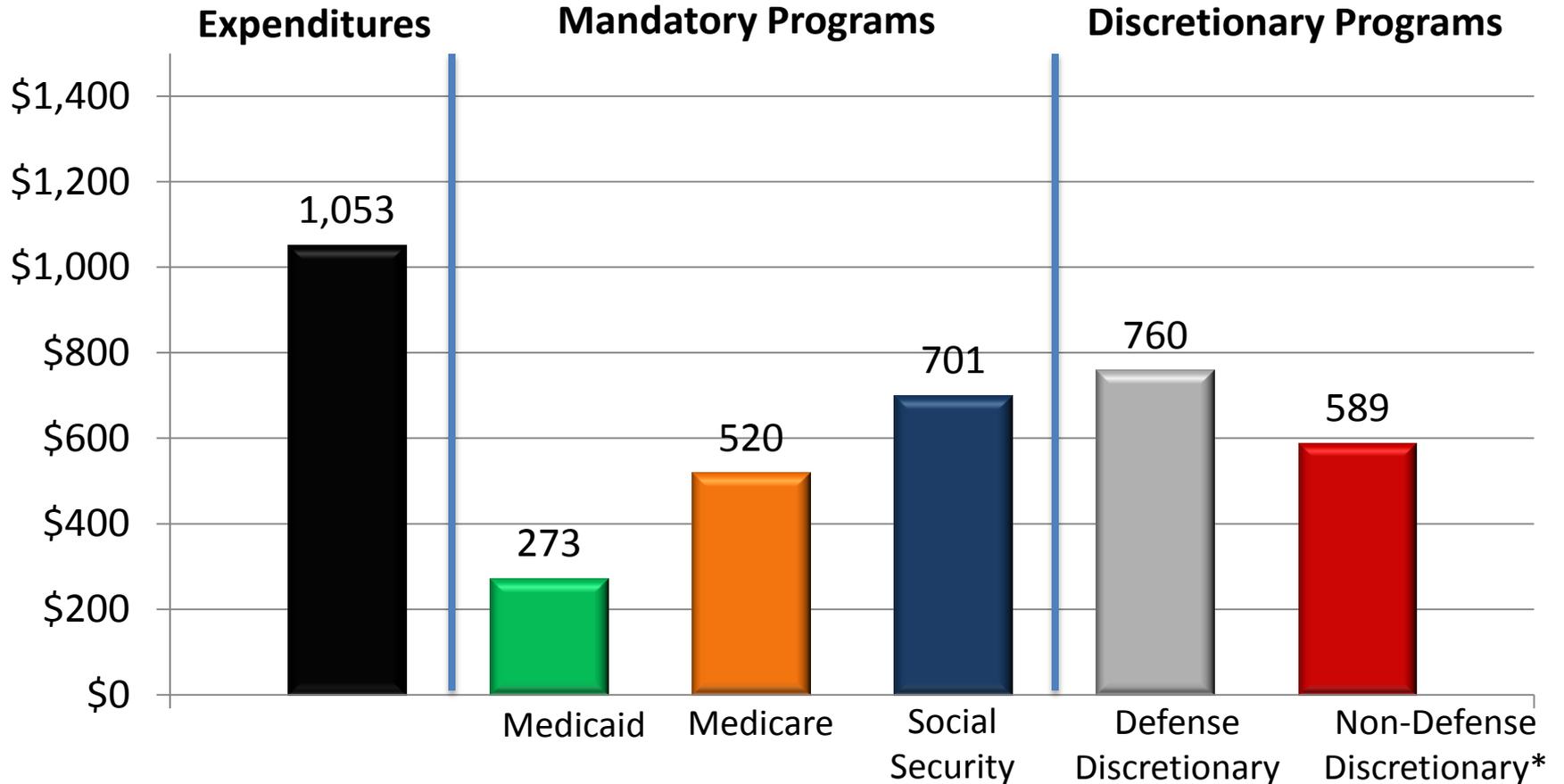
Tax Expenditures: A Critical Spending & Revenue Issue



- Government spending through the tax code.
- Revenues (taxes) that the government loses.
- 180 types of expenditures in the tax code.
- Exemptions, deductions, or credits to select groups or specific activities. Example:
 - Tax credits for corporations that use geothermal energy

Tax Expenditures Are Substantial

Federal Tax Expenditures and Major Programs in 2010, in billions



Where are We Now?

Deficit Reduction

- Generally agreed upon goal has been \$4 trillion to stabilize the debt as a % of the economy.
- \$ 2.5 trillion over years enacted to date:
 - \$1.5 trillion in spending cuts
 - \$0.6 trillion in revenue
 - \$0.4 trillion in interest payments on the debt
- More than halfway towards original goal.
- For every \$1 dollar in new revenue, \$2.50 has been cut from spending.

Where are we Now?

Sequestration

- **February 28** - Republican and Democratic replacement bills fail in the Senate
- **March 1** - Congressional leaders meeting with President Obama
- **March 1** (11: 59pm) - Sequestration goes into effect:
 - Non-defense discretionary programs:
 - 5 % for FY 2013 = 10% compressed into 2nd half of FY 2013
 - President to issue “sequestration order” detailing process for agencies to implement cuts
 - Cuts will be felt at different times
 - Example: Education funding cycle begins in July

Where are We Now?

Revenue - Republican Leadership

“There will be no last-minute, back-room deal and absolutely no agreement to increase taxes.”



Senate Minority Leader Mitch McConnell
March 1, 2013



House Speaker John Boehner
March 1, 2013

“The president got his tax hikes on Jan. 1. The discussion on revenue, in my view, is over,”

Where are We Now?

Revenue - Public Opinion

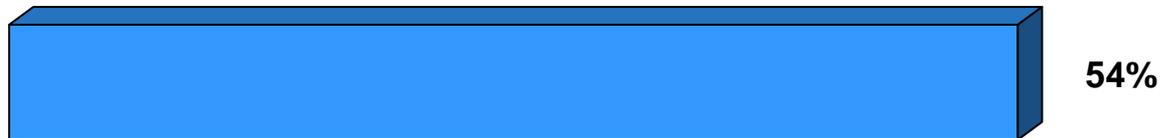
Voters Reject A Cuts-Only Approach In Favor Of Plan That Raises Revenue From Wealthy & Corporations

Which approach do you prefer for dealing with the deficit?

Prefer a bill that only cuts spending with no increase in taxes



Prefer a bill that increases tax revenue from wealthy and corporations and cuts spending



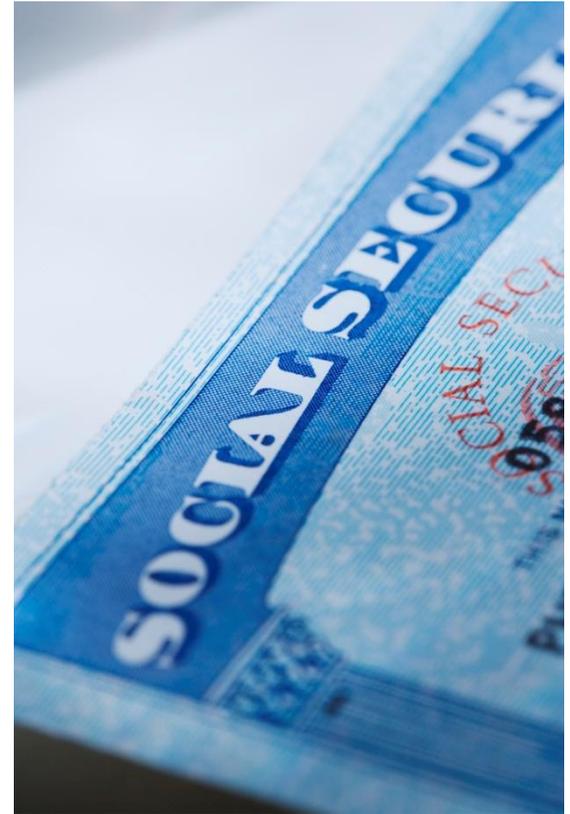
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Key findings from a nationwide survey among 1,006 voters conducted January 18 – 22, 2013 for Americans for Tax Fairness

Much Uncertainty/Risk Ahead

- When and How will the across-the-board cuts be made?
- How will we pay for:
 - Cancelling/reducing the across-the-board spending cuts?
 - Raising the debt ceiling?
- Program, Project, or Activity level? Timeline?
- Greater cuts to Non-defense discretionary programs?
- Increased revenue?
- Cuts to entitlement programs (Medicaid, Social Security)?

Social Security and SSI: Current Threats



Social Security Act, Title II

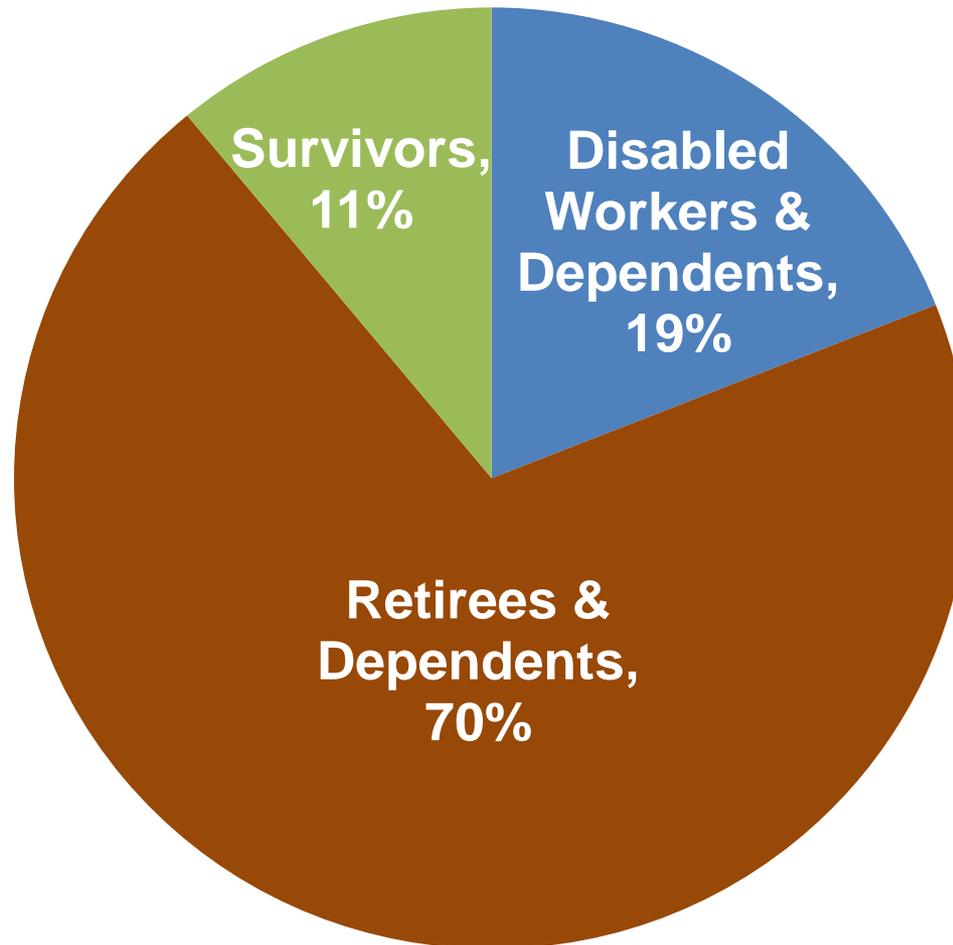
“...security of the men, women, and children of the Nation against certain hazards and vicissitudes of life.”

-- Franklin D. Roosevelt,
January 17, 1935



*Signing the Social Security Act
of 1935.*

Social Security Act, Title II: Old-Age, Survivors, and Disability Benefits



*Percent of total
Social Security
benefits paid.*

Social Security vs. Private Pensions and Insurance

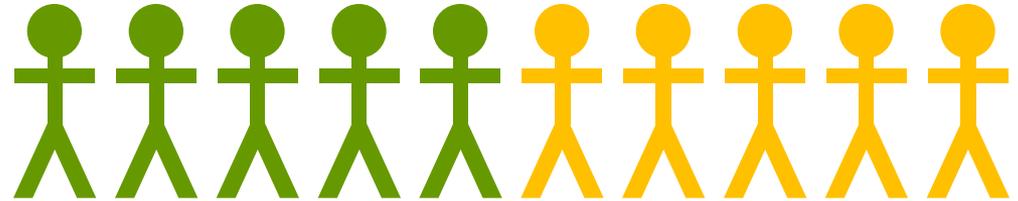
Social Security:

94% of U.S. workers covered



Private Pensions:

51% of the workforce has no private pension coverage



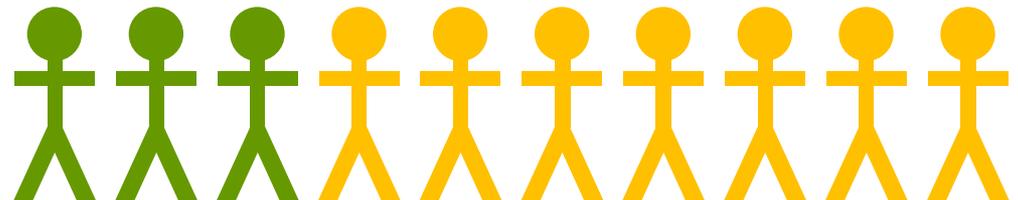
Life Insurance:

41% of civilian workers have no employer-based life insurance



Disability Insurance:

69% of civilian workers have no employer-based long-term DI



Social Security

Beneficiaries with Disabilities

- Access all parts of the OASDI system
 - Disabled beneficiaries must meet Social Security's strict disability standard
- Movement among programs
- Same structure and benefit formula
- Eligibility for Medicare

Social Security

Beneficiaries with Disabilities

- Over **10 million** Title II disabled beneficiaries:
 - 8.8 million disabled workers
 - 255,000 disabled widow(er)s
 - 1 million disabled adult children
- About **2 million** children and spouses of disabled workers:
 - 1.9 million children
 - 163,000 spouses
- Other retirees and survivors with disabilities

Social Security Act, Title XVI: Supplemental Security Income (SSI)

- Serves very low-income seniors and people with disabilities:
 - FY 2013 federal payment standard (maximum benefit): \$710 / month (individual); \$1,066 / month (couple)
 - Asset limits: \$2,000 (individual); \$3,000 (couple)
- Same disability standard as Title II
- Typically eligible for Medicaid

SSI Beneficiaries

- Over **8.3 million** SSI beneficiaries:
 - 1.3 million children under 18
 - 4.8 million adults 18 to 64
 - 2.1 million seniors 65+
- Concurrent Title II and Title XVI beneficiaries:
 - **2.8 million**, all ages

Benefits are Modest, but Vital

- **Average benefits are modest:**
 - Title II, disabled beneficiaries – \$1,060 / month (2011)
 - Title XVI, all beneficiaries – \$520 / month (2012)
- **Benefits comprise most/all of a majority of beneficiaries' income:**
 - SSDI is the majority of income for over 70% of non-institutionalized beneficiaries.
 - For nearly half of non-institutionalized beneficiaries SSDI is over 90% of income
 - Over 57% of SSI beneficiaries have no other source of income

Benefits' Buying Power is Protected by the Social Security COLA

- By law, Social Security benefits receive an annual cost-of-living adjustment (“Social Security COLA”)
- Based on the CPI-W
- Increases in the Social Security COLA trigger increases in:
 - Social Security & SSI payments to current beneficiaries
 - SSI federal payment standard
 - Payments under certain veterans and civilian retirement and disability programs

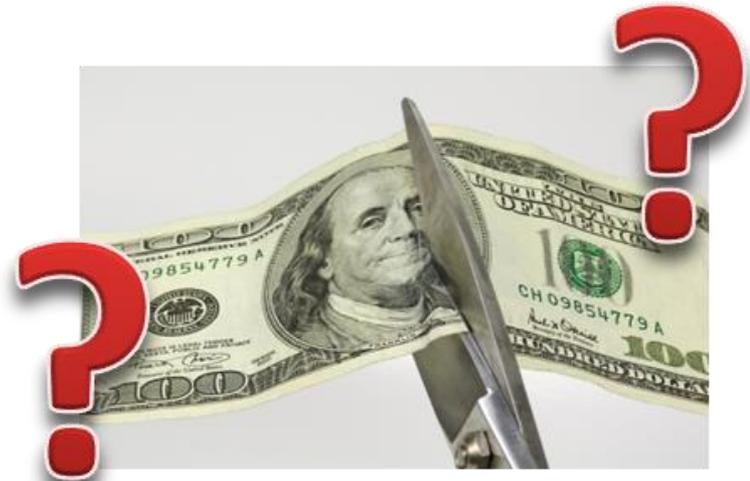
Social Security: Current Threats

- Multiple hearings in the 112th Congress on Social Security:
 - Solvency / financing
 - Administrative processing
 - Disability program goals
 - Work incentives
 - Alleged waste, fraud & abuse
- Congressional interest in SSI and the children's SSI program
- Deficit reduction, tax reform, and entitlement reform



Specific Proposals

- Specific Congressional proposals to cut Social Security and SSI include:
 - Reducing annual cost-of-living increases
 - Raising the Social Security retirement age
 - Changing the definition of “disability” / eligibility
 - Time limiting benefits
 - Block granting SSI
 - SSI “family maximum” and/or sliding scale



Chained CPI: What is It?

- An alternative to the current CPI-W
- Estimated for many years by BLS but never implemented
- Attempts to more fully account for “substitution”
- On average, shows .3% lower inflation than the current CPI-W



The Substitution Effect



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Chained CPI: Is it Less Accurate?

- For middle and upper income consumers?
- For Social Security and SSI beneficiaries?
 - Limited budgets
 - Substitution has already happened
 - Large health care costs not accounted for in chained CPI



OR?



Where Could the Chained CPI be Used?

- Social Security COLA

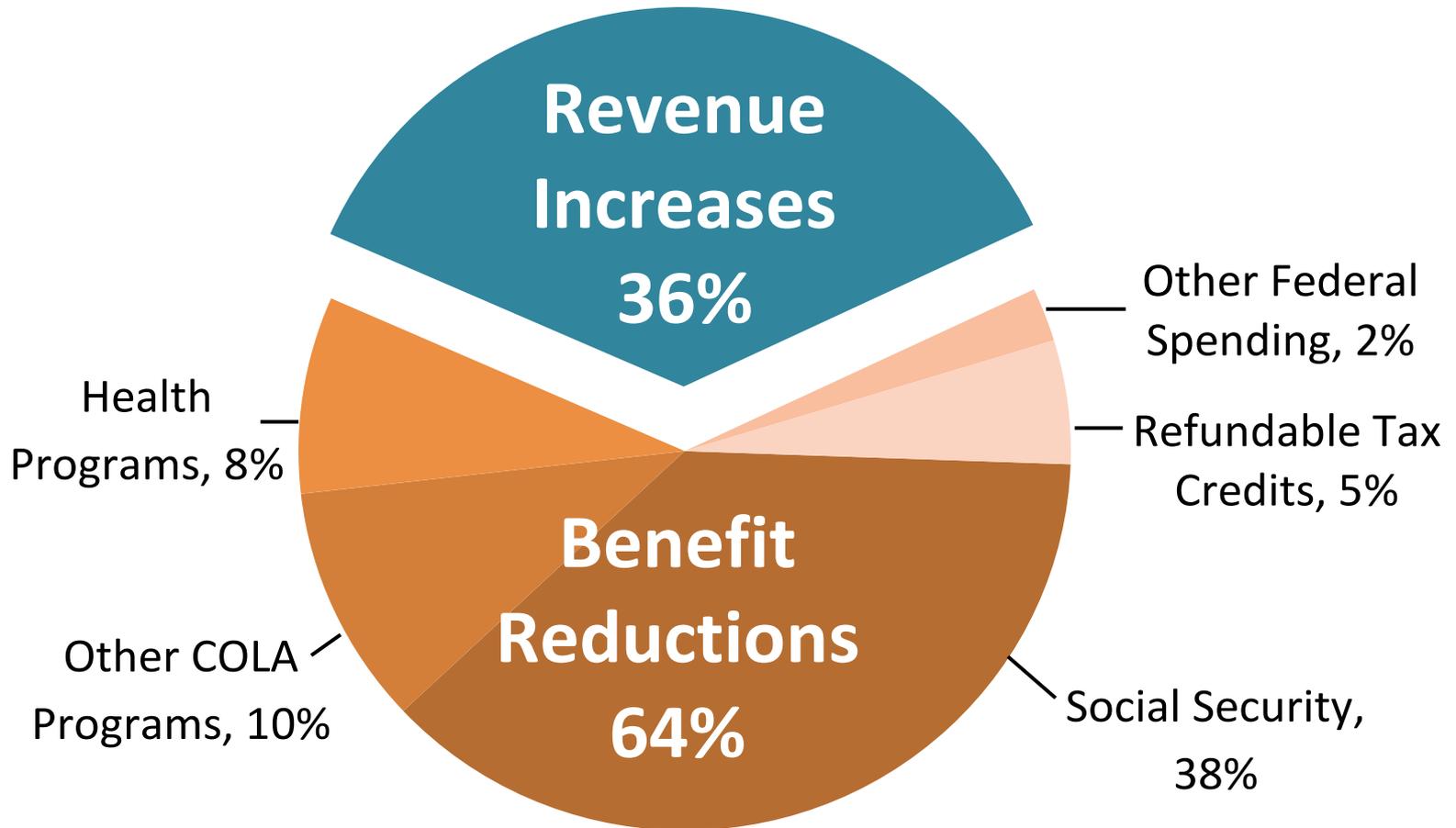
OR

- Government-wide

OR

- Social Security COLA + select programs

Effect of Chained CPI on Deficit Reduction, 2014-2028



Source: Congressional Budget Office, March 1, 2013.

The Chained CPI & Deficit Reduction

- The chained CPI has been supported by:
 - “**Bowles-Simpson Plan**” -- Co-chairs of the National Commission on Fiscal Responsibility and Reform, Erskine Bowles and Alan Simpson
 - “**Domenici-Rivlin Plan**” -- Bipartisan Policy Center Debt Reduction Task Force
 - Members of Congress in both parties
 - The White House

The Chained CPI Cuts Social Security and SSI

- Reduces the annual COLA by .3% each year
- Cuts are cumulative and get bigger each year
- Cuts SSI twice:
 - Cuts SSI initial payment, based on federal payment standard
 - Cuts annual COLA
- Cuts disproportionately harm people with disabilities who rely on benefits and may receive benefits for longer

The Chained CPI Cuts Social Security

Chained CPI:

Sample Cut to 2011 Average Disabled Beneficiary Benefit (\$12,717 per year)

In year 10, a cut of...	\$331
In year 20, a cut of...	\$687
In year 30, a cut of...	\$1,034
In year 40, a cut of...	\$1,370

The Chained CPI Cuts SSI

Chained CPI:

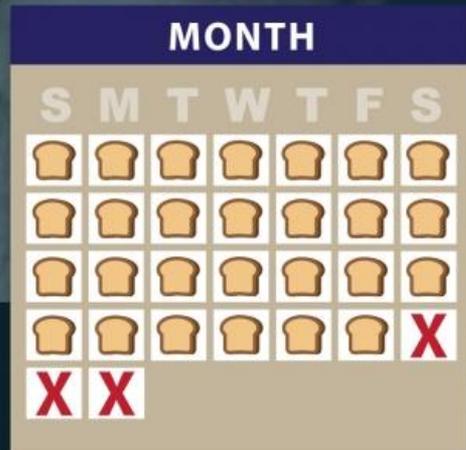
Sample Cut to Average SSI Benefit (\$6,310 per year as of Jan. 2013)

In year 10, a cut of...	\$164
In year 20, a cut of...	\$341
In year 30, a cut of...	\$513
In year 40, a cut of...	\$680

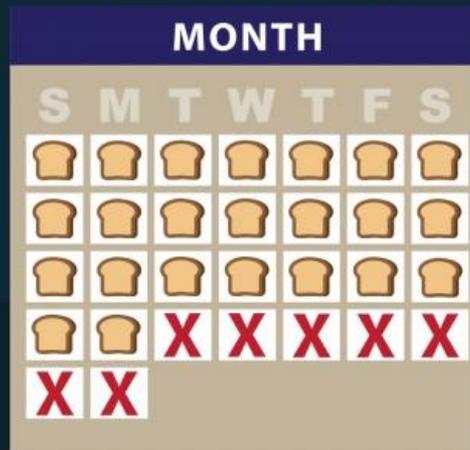
Policy makers are holding backroom talks on stealth cuts to Social Security.

Some want to change the way the Social Security cost-of-living adjustment is calculated by using a new measurement—the chained CPI. This switch would result in significant cuts to Social Security benefits and mean that an elderly woman could afford food for fewer days—and eventually weeks—every month.

AGE 70 - 3 days



AGE 80 - 7 days



AGE 95 - 13 days



The Chained CPI Cuts Other Vital Benefits

- If applied to the Social Security COLA:
 - Veterans' Pension Benefit Programs
 - Railroad Retirement Board Programs
 - Civil Service Retirement System
 - Military Retirement System
- And likely:
 - Veterans' Disability Compensation;
 - Veterans Dependency and Indemnity Compensation for Survivors



The Chained CPI Limits Eligibility for Vital Anti-Poverty Programs

- If applied government-wide,
the chained CPI limits
eligibility for:
 - Earned Income Tax Credit
 - Over 30 anti-poverty programs
that use the federal poverty
guidelines to set their income
eligibility

EITC
SNAP
LIHEAP
WIC
School Meals
Head Start



The Chained CPI Cuts Health Programs

- If applied government-wide, the chained CPI:
 - Limits eligibility for the Children’s Health Insurance Program (CHIP) and parts of Medicaid
 - Would alter various beneficiary income-related special assistance programs, provider payments, and provider collections under Medicare and Medicaid
 - Net cuts to health programs would total about 28.5 billion over 10 years (CBO)

The Arc's Response

- Advocacy to:
 - ***Oppose cuts!***
 - Preserve benefits for current and future beneficiaries
 - Keep Social Security and SSI out of deficit reduction efforts
 - Maintain the basic structure of Social Security and SSI
 - Support program enhancements for people with disabilities
 - Support adequate administrative funding



The Arc's CEO, Peter V. Berns, speaks at a Capitol Hill press conference on the chained CPI in January, 2013. At left is Sen. Whitehouse from Rhode Island.

Medicaid



Medicaid Threats

- Medicaid not subject to sequestration
- Medicaid as part of budget negotiations to keep the government open, raise the debt ceiling, roll back all or part of sequestration
 - Some level of cut included in major proposals
- Health care spending is targeted



Why is Medicaid At Risk?



Costs

- Health care costs growing faster than other costs

The Economy

- More poor people qualifying for Medicaid

Demographics

- More seniors using more health care

Politics

- Medicare and Social Security more politically difficult to cut
- Some Governors want more flexibility

Other Factors



- Growing perception “unsustainable”
- Entitlement negative word
- Luxury we cannot afford
- Big share of state budgets
 - 16% of State general fund spending

Proposed Medicaid Cuts

President's Recent Proposals

- Reduces the Medicaid provider tax threshold
- Blended matching rate
- Reimbursement rates for DME cut
- Reduces funding for hospitals that serve low income

House Passed Proposals

- Cut Medicaid by over \$800B
- Block grants

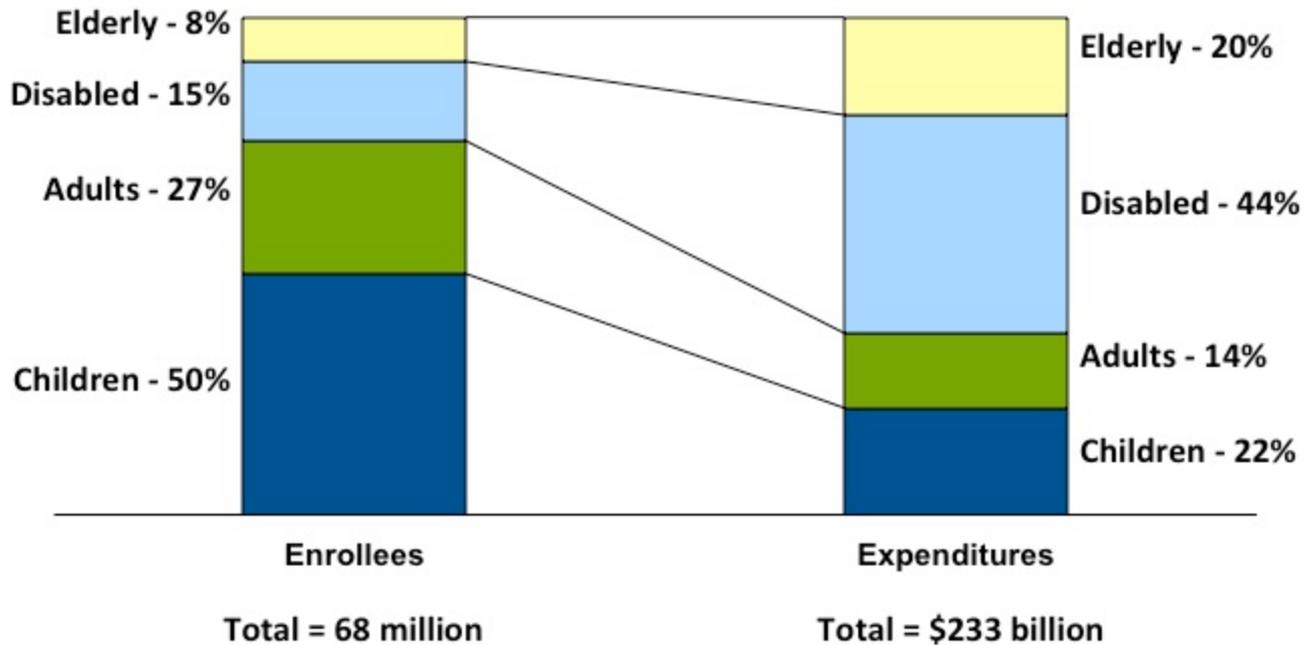
Medicaid Proposals

- Senate Republicans per capita caps
- What is old is new
- Supported by former President Clinton as alternative to block granting
- Sen. Hatch championing the proposal

Per Capita Caps

- Many options to implement
 - Cap overall national spending
 - Cap by state
 - Cap by population
- State spending patterns, service provisions and costs differ
- Lower federal spending
- Average spending—winners and losers

Medicaid Enrollees and Expenditures by Enrollment Group, 2012



Source: Georgetown Center for Children and Families analysis of March 2012 CBO Medicaid Baseline.
Numbers may not add to 100% due to rounding.

Medicaid Expansion

- 16 million covered by 2019—if all states implement
- Federal cuts threaten expansion
- Administration and Senate Majority protecting Medicaid
- As of 2/26/13 (Kaiser report)
 - 27 states support
 - 16 oppose
 - 8 weighing options

Generous Federal Match

- 100 % federal match the first 3 years
- Phases down over time

Years	Federal Matching Rate
2014 – 2016	100%
2017	95%
2018	94%
2019	93%
2020 and beyond	90%

Medicaid Expansion

- As of 2/26/13 (Kaiser report)
 - 27 states support
 - 16 oppose
 - 8 weighing options
- Expansion Resources
- <http://www.statehealthfacts.org/comparetable.jsp?ind=1075&cat=17&sub=205&yr=1&typ=5&print=1>
- <http://www.familiesusa.org/issues/medicaid/expansion-center/>
- <http://www.cbpp.org/cms/index.cfm?fa=view&id=3819>

Medicaid Expansion

- Success of health care reform tied to Medicaid expanding coverage
- CMS -state flexibility
- Good news—more people covered
- Bad news -opening door more managed care, premium support proposals, increased cost sharing etc.

Managed Care

- People with disabilities no longer exempt-- acute care
- States have turned to private managed care companies (duals and waivers)
- Applying managed care to long term services and supports
- Medical model



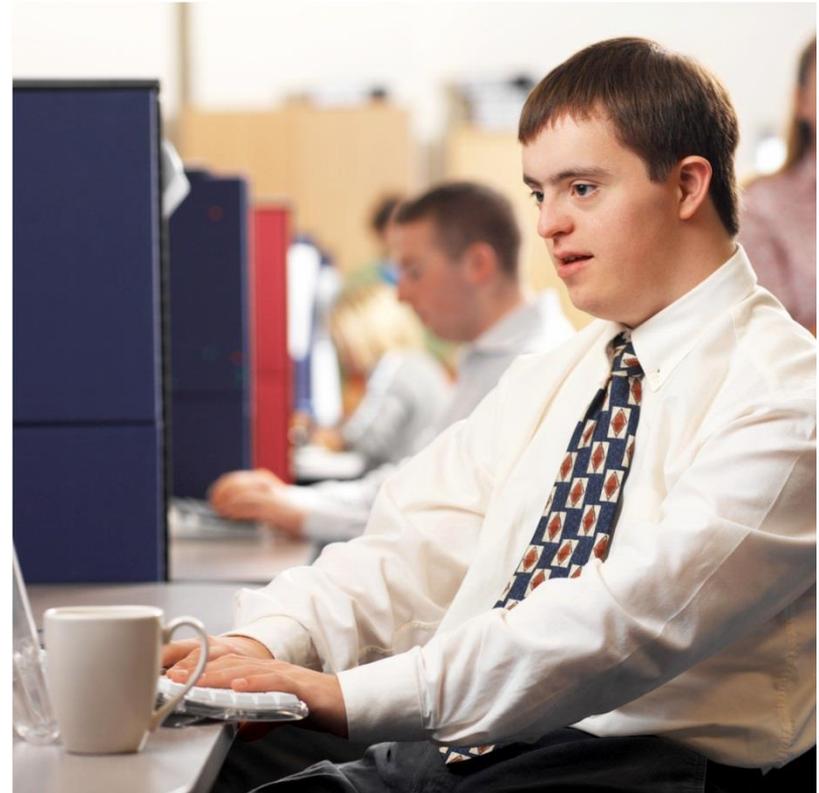
Savings through Managed Care

- Mandatory enrollment
- Few quality metrics for LTSS
- All about savings



Can Managed Care Do LTSS?

- Community integration
- Person centered planning
- Employment
- No measures-no data
- People at risk



The Arc's Response

Managed care principles

- Ensure values included
 - community integration, person centered planning, self-direction
- Consumer protections
 - Independent assessments
 - Education and navigation
 - Grievance and appeals
 - Adequate networks

Wrap Up

- Budget situation **threatens** our programs
- Many people with disabilities rely on these programs
 - Social Security
 - Medicaid, Medicare, & Affordable Care Act:
 - Health care programs
 - Long term services and supports

Wrap Up Continued

- We cannot cut our way through the deficit
- Government must raise money
- If we do not raise money bad things will happen
 - People will lose services
 - Waiting lists will grow
 - Lives will be at risk
 - Institutions will be a last resort



The Arc's Role

- Meet with Congress and federal agencies
- Support our state chapters
- Develop policies and principles
- Analyze and respond to issues
- Support grassroots campaigns



*DON'T CUT OUR
LIFELINE*

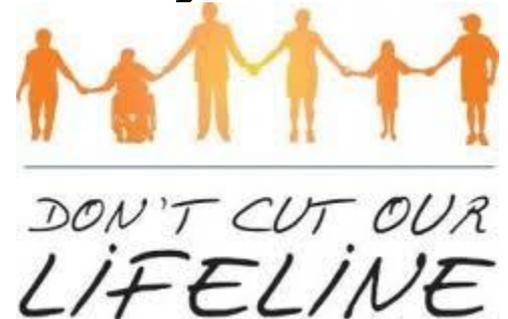
Goals of the Campaign

- Prioritize Medicaid
- Unify grassroots message
- Educate about Medicaid
- Put a face on the program
- Build relationship with Members of Congress



Tool Kit

- Samples messages
- Keep it simple
- Fact sheets
- Full tool kit is in the chapters only section of the website
- New resource on state facts





Medicaid, Medicare, Social Security, and SSI are Lifelines for Indiana Residents with Disabilities

Lifelines for Hoosiers with Disabilities...

Medicaid, Medicare, Social Security, and Supplemental Security Income (SSI) are lifelines for Hoosiers with disabilities, including people with intellectual and developmental disabilities (I/DD) and their families:

- Medicaid**
 - Indiana's Medicaid program enrolls over 1,145,000 people including over 158,000 non-elderly adults and children with disabilities.¹
 - Over 11,200 Hoosiers with I/DD receive Medicaid home and community-based (HCBS) services.²
- Medicare**
 - Medicare enrolls over 975,000 Hoosiers, including over 168,000 people with disabilities.³
- Social Security**
 - Social Security serves over 1,219,000 Hoosiers including over 226,000 disabled widow(er)s, disabled adult children, and disabled workers along with their spouses and dependent children.⁴
- SSI**
 - SSI serves over 122,000 low-income seniors and people with disabilities in Indiana.⁴

Current Challenges

- Adding the revenue message
- Deficit and budget discussions not simple
- Social Security at risk
- High level negotiations
- Timing

Story Campaign



- Hill offices wanted stories
- Proactive response
- Will take some time to pull together

What Can Advocates Do?

- Tell stories - how policy affects individuals
- Self-advocates, siblings, parents, State and local chapters, direct support workers—all have a role to play
 - Why programs are important
 - What they mean to people
 - Necessary and basic--not luxuries



File Edit View Window Help

Tools Sign Comment



MEDICAID, SOCIAL SECURITY, & SSI

for People with Intellectual & Developmental Disabilities



Michael (Mike) Luken is a 53 year old man with Down syndrome who lives in **Indiana**. He has been living in a group home since 1982 after both of his parents passed away.

Michael receives **Social Security** in addition to **Medicaid** long term services and supports. These programs provide him with a place to live and assistance with many basic activities of daily living, such as communicating, preparing meals, taking medications, and getting around in the community. They are used to pay for in-home support staff, transportation, and job placement and coaching services in addition to food, clothing, and incidental expenses. For instance, Medicaid helped Mike secure a part-time job sorting mail, which he loves.

Social Security and Medicaid are a lifeline for Mike as they provide him with needed support, stability, and opportunities to participate in community activities. If not for these programs, Michael would likely become homeless.

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Spread the Word

- Get your friends and family involved
- Work with other groups
- Stay informed—visit
 - The Arc’s public policy page (www.thearc.org)
 - Sign up for action alerts

Action Center

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QUESTIONS?