

FROM:

**LOUISIANA CONSUMER HEALTHCARE COALITION &
LOUISIANA BUDGET PROJECT**

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House Budget Plan Replaces Medicare Benefits with Voucher Program

(Baton Rouge – April 8, 2011) House Republicans announced a draconian budget plan that would eventually replace comprehensive Medicare benefits with inadequate vouchers. It would also dramatically slash Medicaid, leaving millions more seniors without nursing home care, people with disabilities without the help they need to live independently, and children without health coverage. In the end, we'll see millions more people without health insurance or unable to afford the medical care that they need.

“The priorities of this plan are all wrong,” said Moriba Karamoko, Director of the Louisiana Consumer Healthcare Coalition. “How can we say on the one hand that we can't afford to make sure seniors, people with disabilities, and children get the health care they need, and on the other hand, give millionaires another \$125,000 tax cut every year?”

Privatization of Medicare Would Leave Louisiana's Seniors Shouldering Heavy Costs

Starting in 2021, the House budget proposal would entirely eliminate traditional Medicare for those who become newly eligible and replace it with a voucher program. Instead of receiving guaranteed coverage for hospital and medical care, seniors would get a voucher to use to buy private insurance. However, the voucher amount would shrink over time compared to health care costs. For large numbers of seniors, the voucher would be too small to buy adequate coverage and many would find they couldn't afford coverage at all and end up uninsured.

“Louisianans are counting on Medicare to help them stay healthy and to get treatment when they are sick, after they retire,” said Edward Ashworth, Director of the Louisiana Budget Project. “Many seniors live on a fixed-monthly income and would be left with a crushing financial burden and, over time, no health insurance at all.”

Radical Medicaid Cuts Target Louisiana's Seniors, People with Disabilities, and Health Providers

The House Republican budget calls for \$1.4 trillion in cuts to Medicaid and would turn it into a block grant, which is code for slashing benefits for seniors, people with disabilities, and others. The federal government will cut deeply the amount of money it gives to Louisiana, and that cut will grow bigger and bigger every year. When the money runs out, Louisiana will be on its own.

Louisiana, like most states, would likely be forced to drastically cut benefits or cap or cut eligibility for seniors, people with disabilities, children, pregnant women, and working parents, just when people need those benefits the most, like during a recession.

“Over 30,000 seniors in Louisiana have their nursing home costs picked up by Medicaid,” said Edward Ashworth, Director of the Louisiana Budget Project. “Over time, states would be forced to deeply slash eligibility and benefits. As Louisiana’s role in providing long-term care declined dramatically, families would face impossible financial and emotional strains in trying to find another way to care for elderly family members in nursing homes or living in the community.”

Medicaid is a core part of successful coverage of Louisiana’s children, providing insurance for over 700,000 children and pregnant women. It also provides needed care for over 198,000 Louisianans with disabilities.

Deep Cuts Would Hurt Health Care Providers and the Economy

The deep cuts in Medicare and Medicaid would hit doctors, hospitals, and other health care providers hard. Under a block grant, Louisiana would likely deeply reduce Medicaid payments to hospitals, nursing homes, physicians, pharmacies, and managed care plans. These cuts in provider rates would likely cause more plans and providers to withdraw from Medicaid, which would threaten access to critical care and place greater pressure on community health centers and safety-net hospitals.

“Payments to doctors and hospitals could be cut so deeply that many may be forced to close their doors,” said Moriba Karamoko. “Thousands of Louisianans who work in the health care field could lose their jobs.”

Medicare and Medicaid also play an important role in Louisiana’s economy. Medicare and Medicaid spending on hospitals, clinics and other health care providers ripples through local economies, paying the salaries of nurses, doctors, and other vital health care workers, who in turn spend money at local businesses.

Plan Would Undermine Affordable Coverage for Working Families, Move Louisiana Backwards

Starting in 2014, millions of people who are not eligible for employer-sponsored health insurance will be able to either qualify for Medicaid or get a tax credit to help make their

insurance premiums more affordable. The House budget plan would remove the federal funding for tax credits. It would also eliminate the Medicaid expansion, which is expected to provide coverage for almost 400,000 Louisianans. As a result, tens of millions more Americans, particularly those with low and moderate incomes, would remain without coverage.

“We’ve made so much progress towards fixing our broken health care system thanks to the Affordable Care Act,” said Edward Ashworth. “The last thing we need is to take such huge steps backward.”

Louisiana Consumer Healthcare Coalition (LCHC) is a group of organizations committed to realizing a consumer-centered health care system that provides comprehensive, affordable, quality care for everyone, especially the most vulnerable. We work to achieve this through multi-disciplinary, collaborative efforts in public policy, advocacy, education and service to consumers in Louisiana. For more information on LCHC, visit www.lachc.org.

The Baton Rouge-based Louisiana Budget Project provides independent research and analysis of Louisiana fiscal issues and their impact on low and moderate income residents. For more information on issues concerning Louisiana’s state budget, visit www.labudget.org.

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