

## A Census Undercount Could Damage People's Health Care

By Stan Dorn, Senior Fellow, Families USA

Many factors could prevent numerous communities from fully participating in the 2020 Census. These factors include underfunded Census outreach, a proposed Census question asking about citizenship, and broader policy changes that could increase immigrants' fears about responding to the Census. Without vigorous action to prevent a significant undercount, states will suffer major cuts to federal health care funding, with grim results for health care and other critical state services.

### **A major Census undercount would deny affected states significant federal funding—especially for Medicaid**

Medicaid, the health program serving low-income families and children, pregnant women, seniors, and people with disabilities, gives states nearly three out of every five federal dollars (57%) that states receive for all purposes combined—including transportation, education, health care, and more. For 2019, states are counting on [\\$375](#) billion in federal Medicaid funds.

A significant Census undercount could jeopardize much of this financial support for affected states. The percentage of Medicaid costs paid by the federal government varies by state, based on average income per state resident. To calculate the latter figure, Medicaid divides total income statewide by the number of state residents included in the Census. A state with a Census undercount accordingly sees its supposed average income spike. States with higher per capita incomes, relative to the national

average, get less federal Medicaid money. A significant undercount that disproportionately affects a particular state could thus cost it federal Medicaid funds that residents need and deserve.

A Census undercount endangers other federal dollars as well. The Medicaid formula determines funding levels for each state's Children's Health Insurance Program, which serves low-income children and, in some states, pregnant women. Affected states would also lose funding for non-health programs such as foster care, adoption assistance, and child care, which base their federal allotments on the Medicaid formula.

In 2015, [the average state lost more than \\$1,000 in federal dollars for each resident missed by the 2010 Census. An undercount as small as 2 percent would have cost the average state more than \\$80 million a year](#), mostly in Medicaid money. Losses would be far greater today, since federal Medicaid dollars are slated to rise by 18.5 percent from [2015](#) to [2019](#).

## The impact of a Census undercount on each state's federal Medicaid funding

Major state budget shortfalls could result if a Census undercount reduced a given state's federal funding to the minimum permitted by the Medicaid statute. Among 36 potentially affected states, such losses would average \$657 million a year in 2019 (see Table 1 on page 3). A 2 percent, 5 percent, or 10 percent undercount in Arizona, for example, would reduce that state's receipt of annual federal Medicaid funding by \$113 million, \$283 million, and \$567 million, respectively; and Texas would lose \$1.7 billion a year from a 5.8 percent undercount of Texas residents. Federal funding would not change for the District of Columbia, which has a matching rate specified in federal law, or for the 14 states with average incomes high enough that they already receive the minimum level of federal support permitted by the Medicaid statute.

## Cutting Medicaid would harm seniors, people with disabilities, and others who need health care

States are legally required to balance their budgets. If a Census undercount takes away federal health care dollars, state officials must make up for that loss. Some states may balance their budgets by raising taxes or cutting funding for priorities like education and transportation. However, to address the diminished stream of federal Medicaid dollars, most states would likely cut their Medicaid programs.

[The bulk of Medicaid spending is for people with disabilities and for seniors using long-term care](#), so these vulnerable populations could be forced to absorb the majority of health cuts. However, **more than 80 million people rely on Medicaid for their care**—including children, parents, low-wage workers, and pregnant women, in addition to seniors and

people with disabilities. People in any of these groups could have their benefits taken away or their coverage terminated entirely.

## Cutting Medicaid would harm health care providers, health care systems, and jobs

If a Census undercount costs a state significant Federal Medicaid dollars, the overall health care system that serves all residents could be devastated. Medicaid pays for [half of all births](#), for example, and [60 percent of all nursing home care](#). [Health care providers in rural America, including hospitals, are particularly reliant on Medicaid](#) funding and could be forced to stop providing key services if a Census undercount led to significant Medicaid cuts. [Such cuts would trigger job loss](#), as federal health care dollars disappear from state and local economies. **Major reductions in Medicaid funding could thus create serious, community-wide harm in states that experience large Census undercounts.**

### TAKE ACTION TO ENSURE AN ACCURATE CENSUS

For more information about the importance of an accurate 2020 Census that counts everyone, as well as for alerts about how to combat emerging threats, visit <https://thecensusproject.org/>.

**Table 1. States that could lose significant federal Medicaid funding from a major Census undercount**

	1. Federal Medicaid money potentially at risk in 2019 from a Census undercount (millions)	2. Estimated loss of federal funds in 2015 from various levels of undercounting (millions)			3. In selected states, the percentage undercount needed for the loss in column #1 to occur
		2%	5%	10%	
Alabama	\$1,110	\$72	\$180	\$361	
Arizona	\$1,447	\$113	\$283	\$567	
Arkansas	\$739	\$53	\$133	\$265	
Delaware	\$69	\$14	\$35	\$69	4.9
Florida	\$1,602	\$320	\$801	\$1,602	9.0
Georgia	\$1,237	\$137	\$343	\$686	
Hawaii	\$42	\$8	\$21	\$42	2.6
Idaho	\$298	\$23	\$57	\$113	
Illinois	\$24	\$5	\$12	\$24	0.2
Indiana	\$1,016	\$120	\$301	\$602	
Iowa	\$217	\$43	\$108	\$217	5.6
Kansas	\$149	\$30	\$74	\$149	5.1
Kentucky	\$1,301	\$84	\$211	\$422	
Louisiana	\$654	\$124	\$311	\$622	
Maine	\$269	\$44	\$109	\$218	
Michigan	\$1,185	\$189	\$471	\$943	
Mississippi	\$1,212	\$60	\$151	\$301	
Missouri	\$900	\$152	\$381	\$762	
Montana	\$75	\$15	\$38	\$75	8.1
Nebraska	\$30	\$6	\$15	\$30	1.5
Nevada	\$255	\$34	\$85	\$170	
New Mexico	\$702	\$46	\$115	\$231	
North Carolina	\$1,583	\$188	\$471	\$942	

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		2%	5%	10%	
Ohio	\$614	\$123	\$307	\$614	4.4
Oklahoma	\$391	\$78	\$195	\$391	9.3
Oregon	\$586	\$90	\$224	\$448	
Pennsylvania	\$371	\$74	\$186	\$371	1.7
Rhode Island	\$29	\$6	\$15	n/a	n/a
South Carolina	\$1,109	\$75	\$187	\$374	
South Dakota	\$39	\$8	\$20	\$39	4.1
Tennessee	\$1,189	\$138	\$346	\$692	
Texas	\$1,700	\$340	\$850	\$1,700	5.8
Utah	\$401	\$29	\$74	\$147	
Vermont	\$27	\$5	\$14	\$27	1.9
West Virginia	\$558	\$38	\$94	\$189	
Wisconsin	\$520	\$104	\$260	\$520	6.8
<b>Average state</b>	<b>\$657</b>	<b>\$83</b>	<b>\$208</b>	<b>\$415</b>	

**Examples of how to read this table:** A 2%, 5%, or a 10% undercount would cost Alabama \$72 million, \$180 million, and \$361 million, respectively, based on 2015 funding levels. With a 4.9% undercount, Delaware would lose all \$69 million in 2019 funding it expects to receive above the federal Medicaid minimum.

**Sources:** National Association of State Budget Officers (NASBO), *The Fiscal Survey of States*, Spring 2018; Andrew Reamer, *Counting for Dollars 2020: The Role of the Decennial Census in the Geographic Distribution of Federal Funds*, George Washington University, March 19, 2018.

**Note:** Federal Medicaid money potentially at risk from a Census undercount is federal funding for non-expansion Medicaid beneficiaries, estimated by NASBO for 2019, multiplied by the percentage by which the state's Medicaid 2019 matching rate exceeds 50 percent. Estimated losses from various undercount levels include all federal grants in 2015 that based funding on the Medicaid formula, as found by Reamer. While 6% of those funds were for non-Medicaid programs, federal Medicaid dollars rose more than 18.5% from 2015 to 2019, according to NASBO, so the estimated losses shown here understate the likely impact. For the same reason, the percentage point estimates in the right column, which are based on Reamer's estimated 2015 impact of an additional 1% undercount in the 2010 Census, likely understate the actual undercount needed for a state to lose all of its federal Medicaid money above the statutory minimum. States listed in column 3 were those where less than a 10 percent undercount was estimated to eliminate all federal funding shown in column 1. Reamer did not show results for Rhode Island. This table shows the projected impact of a Census undercount on each state, with no change in other states.