



# Talking Points: REPUBLICAN Medicaid CUTS

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## To Republicans: Don't Balance the Budget Through Medicaid Cuts

### Republicans Are Already Calling for Cuts to Medicaid

Automatic spending cuts included in the bipartisan deficit reduction deal that Congress approved in August 2011 are scheduled to take effect beginning January 2013. Half the cuts will come from programs other than defense and half will come from defense spending. Social Security, Medicaid, and most of Medicare were spared from automatic cuts.

Both parties are looking for a way to avoid the automatic cuts as the effective date gets closer. Arriving at a better approach to reduce our deficit over the long-term would be a good idea.

But the approach proposed by Republicans is extreme and would hurt American families. Republicans propose saving defense spending from cuts at the expense of deep cuts in programs that middle-class and low-income families depend on, like Medicare and Medicaid.<sup>1</sup>

As January gets closer, you'll hear more Republicans talking about how we can't afford defense cuts. You'll hear them say we should cut health care instead, especially health care programs for low-income families. That's a position that Republican Presidential candidate Mitt Romney has taken, too.<sup>2</sup> That's an approach that will set American families back.

Here's how to respond.



#### **We can afford defense cuts.**

Experts, such as Lawrence Korb, who served as assistant secretary of defense in the Reagan administration, believe that there is plenty of room to make cuts to defense spending.<sup>3</sup>



#### **Health care spending creates more jobs than defense spending.**

\$1 billion in government spending on health care creates almost 70 percent more jobs than if the same amount were spent on defense.<sup>4</sup>

 **Cutting Medicaid is the wrong solution for struggling state economies.**

Federal Medicaid spending stimulates economic activity and job growth in states. A 15 percent cut in federal Medicaid spending would mean more than a \$41 billion loss for state budgets,<sup>5</sup> yet the latest Republican budget proposal would cut Medicaid by more than twice that amount (a one-third cut) over 10 years.<sup>6</sup> Cutting this spending while states are struggling would jeopardize their economic recovery.

 **Cutting Medicaid would pass costs on to the states and ordinary Americans.**

In addition to stimulating state economies, federal money helps states provide health care to low-income seniors, people with disabilities, children, and families. Reducing federal support doesn't make those health care costs go away; it just passes those costs on to states and residents, particularly low-income people who rely on Medicaid. And when people can't afford care, they end up in the emergency room, and everyone foots the bill for unpaid emergency room visits in the form of higher insurance premiums.<sup>7</sup>

 **Cutting Medicaid would hurt the middle class.**

Medicaid helps relieve the burden of long-term care costs for middle-class families who have a parent or child who needs it. More than 25 percent of seniors and people with disabilities rely on Medicaid to help pay for their health and long-term care.<sup>8</sup> With less federal funding for Medicaid, more of the cost of that care would fall on those seniors, people with disabilities, and their families.

 **Cutting Medicaid would hurt families in tough economic times.**

Medicaid enrollment is at an all-time high because of the recession, which means that Medicaid is working.<sup>9</sup> Medicaid helps families, including former middle-class families, get the health care they need when job loss and other economic hardships mean that family income is low. It helps families avoid medical debt, making it easier for them to get back on their feet as the economy improves. Cutting Medicaid would put these families back at square one.

-  **Cutting Medicaid would hurt our health care infrastructure.**

Medicaid accounts for 16 percent of all U.S. health care spending and 17 percent of all hospital spending.<sup>10</sup> It keeps health care providers in business and funds medical student training. Cutting Medicaid would force states to reduce payments to hospitals, doctors, home health agencies, and a host of other health care providers. That would strain America's health care infrastructure, making it less able to serve all of us.
-  **Our country has a history of exempting safety-net programs from automatic spending cuts.**

Major bipartisan deficit reduction packages in recent decades have exempted low-income assistance programs like Medicaid from automatic cuts.<sup>11</sup> That's a tradition that says a lot about our country's commitment to its citizens, and it's one that America should not walk away from.
-  **There are better, fairer ways to reduce the deficit.**

The truth is that instead of focusing on spending cuts alone, we can afford to ask the richest Americans to pay more. Effective deficit reduction must include substantial new revenue and not just spending cuts. That new revenue should include higher taxes on the wealthiest among us. Today, income inequality in the United States is higher than it has been in decades.<sup>12</sup> At the same time, tax rates on the wealthy are historically low.<sup>13</sup> Asking the richest Americans to pay more would be a far better choice than cutting health care.

In the long run, deficit reduction is important. But we shouldn't balance the budget on the backs of seniors, people with disabilities, low-income children, and families. And we shouldn't let Congress shift the burden of deficit reduction to health care in order to avoid defense cuts. That's a choice that hurts everyone, including state economies and middle-class families.

As the debt reduction talks heat up, tell your members of Congress that you don't agree with an approach that replaces defense cuts with cuts to health care programs that help middle- and lower-income Americans. That means not cutting Medicaid.

Tell them they shouldn't pass costs on to states. If Congress wants to avoid defense cuts, it should look to raising revenue rather than taking health care from Americans.

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***Tell them . . .  
Don't cut Medicaid.***

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## Endnotes

- <sup>1</sup> Andrew Taylor, *Associated Press*, “House GOP Budget Plan Increases Military Spending and Cuts Social Services,” May 7, 2012, accessed online August 3, 2012 at [http://www.huffingtonpost.com/2012/05/07/house-gop-budget-cuts\\_n\\_1495426.html](http://www.huffingtonpost.com/2012/05/07/house-gop-budget-cuts_n_1495426.html).
- <sup>2</sup> Shira Schoenberg, “Romney Calls for Cuts in Medicaid,” *Boston Globe*, November 22, 2011, available online at <http://www.bostonglobe.com/news/nation/2011/11/22/romney-calls-obama-cut-medical-care-for-poor-not-defense/CYmGJb8VHseFuXiBUowgzK/story.html>.
- <sup>3</sup> Lawrence Korb, “Open Letter to the Super Committee,” October 13, 2011, available online at <http://www.vxec.com/2011/10/lawrence-korb-open-letter-to-the-super-committee/>.
- <sup>4</sup> Robert Pollin and Hedi Garrett-Pertier, *The U.S. Employment Effects of Military and Domestic Spending Priorities: An Updated Analysis* (Amherst, MA: University of Massachusetts Political Economy Research Institute, 2009), available online at [http://www.peri.umass.edu/fileadmin/pdf/published\\_study/spending\\_priorities\\_PERI.pdf](http://www.peri.umass.edu/fileadmin/pdf/published_study/spending_priorities_PERI.pdf). Economic analysis showing that \$1 billion spent on health care would create 69 percent more jobs than \$1 billion in defense spending.
- <sup>5</sup> Kathleen Stoll and Kim Bailey, *Jobs at Risk: Federal Medicaid Cuts Would Harm State Economies* (Washington: Families USA, 2011), available online at <http://familiesusa2.org/assets/pdfs/Medicaid-Cuts-Hurt-State-Economies.pdf>.
- <sup>6</sup> Families USA, *Republicans Again Propose Slashing Funding for Medicaid, Medicare, and Other Health Programs* (Washington: Families USA, April 2012), available online at <http://familiesusa2.org/pdfs/budget-battle/Republican-Budget-Slashes-Health-Programs.pdf>.
- <sup>7</sup> Kathleen Stoll and Kim Bailey, *Hidden Health Tax: Americans Pay a Premium* (Washington: Families USA, May 2009), available online at <http://familiesusa2.org/assets/pdfs/hidden-health-tax.pdf>.
- <sup>8</sup> Dee Mahan and Kim Bailey, *Cutting Medicaid: Harming Seniors and People with Disabilities Who Need Long-Term Care* (Washington: Families USA, 2011), available online at <http://familiesusa2.org/assets/pdfs/long-term-care/Cutting-Medicaid.pdf>.
- <sup>9</sup> Kaiser Commission on Medicaid and the Uninsured, *Medicaid Spending Growth and the Great Recession: 2007 – 2009* (Washington: Kaiser Family Foundation, February 2011), available online at <http://www.kff.org/medicaid/upload/8157.pdf>.
- <sup>10</sup> U.S. Department of Health and Human Services, *Medicaid Cost-Savings Opportunities* (Washington: Department of Health and Human Services, February 3, 2011), available online at <file:///G:/MEDICAID%20-%20LTSS/data%20and%20talking%20points/percnet%20of%20health%20care%20spending.html>.
- <sup>11</sup> Letter from national groups to the White House and Congressional Leadership regarding bipartisan deficit reduction talks, July 8, 2011, available online at <http://www.cbpp.org/ProtectLowIncome.pdf>.
- <sup>12</sup> Congressional Budget Office, *Trends in the Distribution of Household Income Between 1979 and 2007* (Washington: Congressional Budget Office, 2011), available online at <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>; and, Emmanuel Saez, *Striking it Richer: The Evolution of Top Incomes in the United States* (Berkeley, CA: Center for Equitable Growth, University of California, Berkeley, July 17, 2010), available online at <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2008.pdf>.
- <sup>13</sup> Families USA, *A Message to Congress and the Super Committee: Don't Just Cut Programs—Raise Revenues* (Washington: Families USA, 2011), available online at <http://familiesusa2.org/assets/pdfs/Medicaid-Message-to-Super-Committee.pdf>.



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