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The Hunger-Medicaid Connections

Congress is considering proposals that would jeopardize healthcare coverage for millions of poor and near-poor adults and children.

The bill under consideration, the American Health Care Act, would gut Medicaid, which is a joint federal-state program and the single largest source of health insurance in the United States. Together with the Children's Health Insurance Program, Medicaid provides health insurance to more than 72 million Americans.

The proposals would:

- Eliminate the Medicaid expansion provision of the Affordable Care Act (ACA). The expansion makes more funding available to states to extend health insurance to people not eligible for the regular Medicaid program.
- Convert the current Medicaid funding structure, which expands when needs increase, to a program with per capita caps (a limit on federal funding per person enrolled), or at state option, a block grant (a fixed amount of funding per state). This would destroy Medicaid's ability to serve everyone who is eligible. The result: far more people would be uninsured.

The nonpartisan Congressional Budget Office (CBO) estimates that 14 million people would lose their Medicaid coverage by 2026 if these two proposals were enacted.

According to the CBO, the funding cuts to Medicaid would total \$880 billion over 10 years—at the expense of the most vulnerable Americans, and at the expense of a program that is more cost-effective than other forms of healthcare coverage. Its costs per beneficiary are substantially lower than those of private insurance and are also growing more slowly.

States would not be able to compensate for these fund-

Medicaid makes low-income families less vulnerable to hunger



Sources: Journal of Health Economics, 2013; New England Journal of Medicine, 2013

ing cuts, so they would be forced to reduce benefits and/or restrict eligibility. Insurance coverage would be more limited, fewer people could enroll, or both.

For more on why and how this would happen, see Bread for the World's fact sheet Block Grants, Flexibility, and Per Capita Caps.

The result of lower Medicaid coverage rates would be millions of additional people at greater risk of hunger and food insecurity (defined by the U.S. Department of Agriculture as worrying that there will not be enough money to buy food).

Life Without Medicaid

Medicaid benefits lifted at least 2.6 million people over the poverty line in 2010 (latest available data).ⁱ

Without healthcare coverage through Medicaid, low-income families will be forced to make impossible "choices" among seeing a doctor, filling a prescription, buying food, and paying their rent. They will also spend more time and money searching for health care that they can afford.

- **Children** in families that lose Medicaid will not receive timely well-child care, jeopardizing both their short-term and long-term health. They also will not benefit from the new food insecurity screening initiated by the American Academy of Pediatrics (AAP).
- For **adults**, lack of health care will exacerbate any chronic conditions they have, such as diabetes or

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high blood pressure, and result in additional trips to the emergency room. Illnesses that go untreated make it more difficult for people to work.

- Many **seniors** already face the “treat or eat” dilemma: they cannot afford to pay for both their medications and food. Choosing either of these “options” exacerbates health problems, food insecurity, and hunger.

Proponents of per capita caps and block grants claim that they would not only “save” money but also give states more flexibility. But states already have significant flexibility. There are minimum federal standards, but beyond that, states decide themselves whom they cover, what benefits they provide, and how they deliver services. Past experiences show that states have the flexibility needed to make changes that have led to improved health outcomes and lower costs.ⁱⁱ

A better way to respond to rising healthcare costs is to reduce food insecurity and improve nutrition.

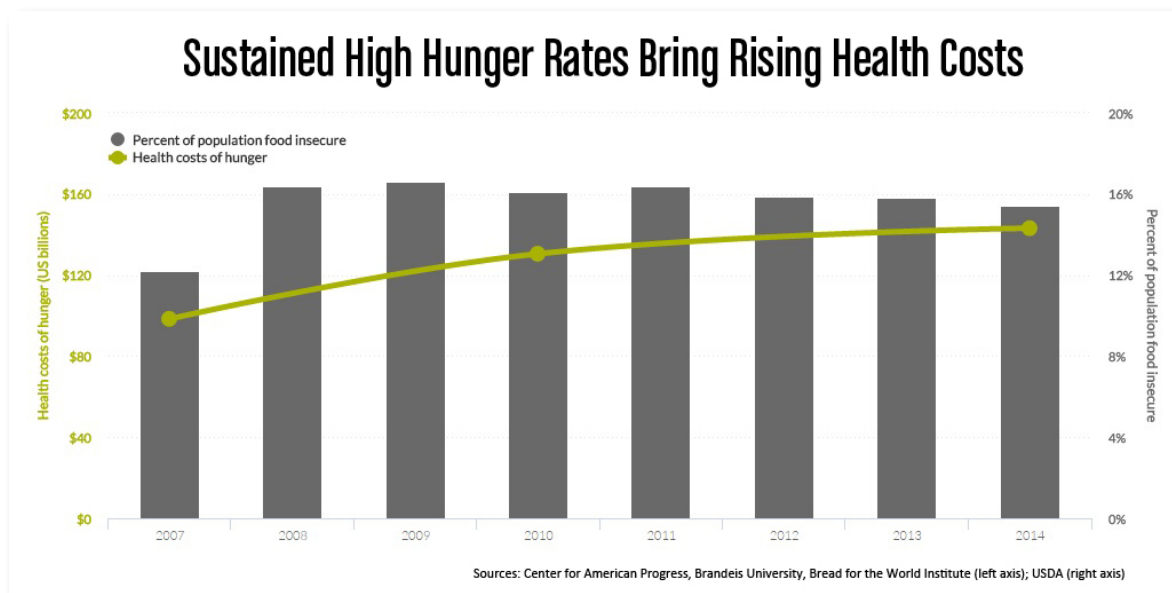
Bread for the World Institute’s 2016 hunger report, *The Nourishing Effect*, includes a study (in Appendix 2) that estimates the cost of food insecurity to the healthcare system. Using conservative figures, it’s \$160 billion. These unnecessary extra costs are because people who can’t always

afford nutritious food have disproportionately higher rates of chronic diseases and poor health. They are more likely to need costly care such as hospitalization, intensive care for premature infants, and treatment for depression or nutritional deficiencies.ⁱⁱⁱ

SNAP is a crucial support for many Medicaid beneficiaries. But SNAP benefits are insufficient to provide individuals and families with healthy meals throughout the month.

There are serious consequences attached to a system in which millions of households run short of money for food at the end of each month. Just a few examples:^{iv}

- During the last week of the month, there are 27 percent more hospital admissions of low-income adults for low blood sugar than during the first week of the month;
- During the last week of the month, there are 11 percent more school disciplinary actions involving children in SNAP households than during the first week of the month;
- Toward the end of the month, low-income students score lower on standardized tests than at the beginning.



Endnotes

ⁱ Sommers, Benjamin D. and Donald Oellerich, “The poverty-reducing effect of Medicaid,” *Journal of Health Economics*, Volume 32, Issue 5, September 2013, http://www.appam.org/assets/1/7/The_Poverty-Reducing_Effect_Of_Medicaid.pdf

ⁱⁱ Park, Edwin, Matt Broaddus, Hannah Katch, and Jesse Cross-Call, “Frequently Asked Questions About Medicaid,” Center on Budget and Policy Priorities, Updated August 10, 2016, <http://www.cbpp.org/research/health/frequently-asked-questions-about-medicaid>

ⁱⁱⁱ Shepard, Donald S., Elizabeth Setren, and Donna Cooper, “Hunger in America: Suffering We All Pay For,” Center for American Progress, October 5, 2011, <https://www.americanprogress.org/issues/poverty/reports/2011/10/05/10504/hunger-in-america/>

^{iv} Fact Sheet: White House Report Highlights New Research on SNAP’s Effectiveness and the Importance of Adequate Food Assistance, White House Council of Economic Advisors, WH 120815, December 8, 2015, <https://www.fns.usda.gov/pressrelease/2015/wh-120815>