

## REPORT OF THE COUNCIL ON MEDICAL SERVICE

CMS Report 5-I-17

Subject: Reaffirmation of AMA Policy Opposing Caps on Federal Medicaid Funding  
(Council on Medical Service Report 9-A-17)

Presented by: Paul A. Wertsch, MD, Chair

Referred to: Reference Committee J  
(Peter C. Amadio, MD, Chair)

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1 At the 2017 Annual Meeting, the House of Delegates referred Council on Medical Service Report  
2 9-A-17, “Capping Federal Medicaid Funding.” The report advocated for a series of safeguards in  
3 the event of federal Medicaid funding being capped. Debate on the report focused on an imminent  
4 Senate bill to undo the Medicaid expansion of the Affordable Care Act (ACA) and replace it with  
5 state per capita caps or block grants.

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7 At the same meeting, the House of Delegates adopted Policy H-290.963, “Federal Medicaid  
8 Funding,” which states that our American Medical Association (AMA): (1) opposes caps on  
9 federal Medicaid funding; and (2) advocates that Congress and the Department of Health and  
10 Human Services seek and take into consideration input from our AMA and interested state medical  
11 associations, national medical specialty societies, governors, Medicaid directors, mayors and other  
12 stakeholders, during the process of developing federal legislation, regulations, and guidelines on  
13 Medicaid funding.

### 14 15 BACKGROUND

16  
17 Expanding Medicaid eligibility to most individuals with incomes up to 138 percent of the federal  
18 poverty level was a key strategy in expanding health insurance coverage under the ACA and  
19 accounted for 63 percent of coverage gains in 2014. Medicaid expansion resulted in an estimated  
20 11 million newly enrolled beneficiaries in 2015. The program currently covers approximately 73  
21 million beneficiaries nationwide. The Medicaid cap safeguards proposed in Council on Medical  
22 Service Report 9-A-17 included:

- 23  
24 a. Individuals, including children and adolescents, who are currently eligible for Medicaid should  
25 not lose their coverage, and federal funding for the amount, duration, and scope of currently  
26 covered benefits should not be reduced;
- 27 b. The amount of federal funding available to states must be sufficient to ensure adequate access  
28 to all statutorily required services;
- 29 c. Cost savings mechanisms should not decrease patient access to quality care or physician  
30 payment;
- 31 d. The methodology for calculating the federal funding amount should take into consideration the  
32 state’s ability to pay for health care services, rate of unemployment, concentration of low  
33 income individuals, population growth, and overall medical costs;
- 34 e. The federal funding amount should be based on the actual cost of health care services for each  
35 state;

- 1 f. The federal funding amount should continue to fund the Affordable Care Act (ACA) Medicaid  
2 expansion populations in states that have expanded Medicaid and provide non-expansion states  
3 with the option to expand Medicaid with additional funding to cover their expansion  
4 populations;  
5 g. The federal funding amount should be indexed to accurately reflect changes in actual health  
6 care costs or state-specific trend rates, not on a preset growth index (e.g., consumer price  
7 index);  
8 h. Maximum cost-sharing requirements should not exceed five percent of family income; and  
9 i. The federal government should monitor the impact of capping federal Medicaid funding to  
10 ensure that patient access to care, physician payment and the ability of states to sustain their  
11 programs has not been compromised.

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13 The House of Delegates had a robust discussion about the strategic AMA message that would be  
14 implied by adopting the proposed safeguards.

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16 In 2017, Congress considered and defeated numerous proposals to repeal and replace the ACA,  
17 which included large (up to \$880 billion) reductions to Medicaid and recommendations to cap  
18 federal Medicaid spending.

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20 • In March 2017, the American Health Care Act was introduced in the US House of  
21 Representatives to repeal and replace the ACA, in part by discontinuing funding for the  
22 ACA Medicaid expansion and capping federal Medicaid funding to states.  
23 • In June 2017, during the Annual Meeting of the House of Delegates, the Better Care  
24 Reconciliation Act was introduced in the Senate and included a large reduction in federal  
25 Medicaid spending, a return to categorical Medicaid eligibility, and a state option to  
26 receive a federal block grant for the ACA expansion population of nondisabled adults.  
27 • In July 2017, the Senate considered a “skinny repeal” bill that left Medicaid intact.  
28 • In September 2017, the Senate considered the Graham Cassidy measure, which would have  
29 terminated the ACA’s Medicaid expansions, premium tax credits, cost-sharing reduction  
30 payments, and small business tax credits. It would also have imposed per capita caps on  
31 Medicaid funding and offered states the alternative of a broader Medicaid block grant.

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33 **DISCUSSION**

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35 At the time that this report was written, Congress had not taken up additional legislation to repeal  
36 and/or replace the ACA. The AMA opposed all of the noted bills and urged Congress to initiate a  
37 bipartisan effort to address shortcomings in the ACA. The Council believes the policy adopted at  
38 the 2017 Annual Meeting, which opposes caps on federal Medicaid funding, remains relevant and  
39 recommends its reaffirmation.

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41 **RECOMMENDATION**

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43 The Council on Medical Service recommends that the following be adopted in lieu of Council on  
44 Medical Service Report 9-A-17 and the remainder of the report be filed:

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46 That our American Medical Association Policy H-290.963, “Federal Medicaid Funding,” which  
47 opposes caps on federal Medicaid funding, be reaffirmed. (Reaffirm HOD Policy)

Fiscal Note: Less than \$500.