

# Trump Administration’s Harmful Changes to Medicaid



President Trump has made [clear](#) that his goal remains to repeal the Affordable Care Act (ACA), including its expansion of Medicaid to low-income adults, and to impose rigid caps on the federal government's Medicaid spending. While Congress considered and rejected a series of proposals to cut Medicaid and repeal the ACA in 2017, the Administration has continued to pursue the overarching policy goals of those bills through its [budget proposals](#), [litigation](#) seeking to overturn the entire ACA, and administrative actions. Restrictions it has put in place administratively have already cost many thousands of people their health coverage and access to care and could harm millions more.

## Inviting State “Block Grant” Waivers

The Trump Administration issued guidance in January 2020 inviting states to seek demonstration projects — known as waivers — that would radically overhaul Medicaid coverage for adults. Under the guidance, states could apply for waivers that would convert their Medicaid programs for adults into a form of block grant, with capped federal funding and new authorities to cut coverage and benefits.

The waivers are likely to worsen many enrollees’ health by taking away coverage and reducing access to care. States with block grant waivers could deny coverage for prescription drugs, allow states to impose higher copayments on people in poverty, and waive standards for managed care plans (which many states use to provide Medicaid coverage). Moreover, capped federal funding would shift financial risk to states, with federal funding cuts most likely to occur when states can least absorb them — such as during recessions, public health emergencies, and other times when states face both high demand for coverage and strain on other parts of their budgets. That would pressure states to use new and existing authorities to cut coverage.

The waivers could harm many people who rely on Medicaid coverage, including:

- **5 million people with disabilities.** Although the guidance excludes beneficiaries who receive federal disability assistance, millions more with chronic conditions or serious health needs could be affected.
- **Millions of low-income parents and their children.** And when parents lose coverage, children are more likely to go uninsured; they also suffer when parents can’t get needed care.
- **Older adults.** While Medicare-eligible seniors would be excluded, early retirees receiving Social Security but not yet eligible for Medicare could be affected.

## Making It Harder for States to Finance Their Medicaid Programs

The Trump Administration proposed [a rule](#) in November 2019 that would make it harder for states to pay for their share of Medicaid costs. If finalized, the rule could require many states to change how they finance their Medicaid programs — eliminating some financing options that have long been available to states. These changes would dramatically affect state budgets and [could lead](#) to significant cuts to benefits, coverage, and provider payments.

## Changing the Poverty Line

In May 2019, the Office of Management and Budget issued a [notice](#) requesting comment on a [proposal](#) to use a lower inflation measure to calculate annual adjustments to the federal poverty line. By lowering the poverty line, that proposal would ultimately cut billions of dollars from federal health programs and cause millions of people to lose their eligibility for, or receive less help from, these programs. Many programs, including Medicaid and CHIP, use the poverty line to determine eligibility and benefits, and the cuts to these programs — and the numbers of people losing assistance altogether or receiving less help — would increase with each passing year. After ten years, more than 300,000 children would lose comprehensive coverage through Medicaid and CHIP, as would more than 250,000 adults covered through the ACA Medicaid expansion. Some pregnant women, low-income parents in non-expansion states, and people receiving family planning services through Medicaid would also lose coverage.

## **Creating Fear That Will Discourage Enrollment in Health Coverage Programs**

---

The Department of Homeland Security (DHS) and the Department of State (DoS) issued [immigration rules](#) in 2019 that will make it much more difficult for people with low or modest means to immigrate to the United States or for people already here to gain permanent resident status or extend or modify their temporary status. These complicated rules, along with other Trump Administration policies, have led many families that include immigrants to forgo Medicaid and other assistance programs for which they're eligible despite the fact that most people who qualify for the programs identified in the rules will not undergo the "public charge" assessment that the rules radically changed. Beginning February 24, 2020, DHS immigration officials will be able to reject immigration applicants if they have received, or are judged likely to receive in the future, any of an array of benefits, including Medicaid. Timing for the DoS implementation of the policy has not yet been announced.

## **Imposing Premiums on People in Poverty**

---

The Trump Administration has also given states unprecedented authority to require people in poverty to pay premiums for their health coverage, in spite of extensive [research](#) showing that premiums significantly reduce low-income people's participation in health coverage. These studies show that the lower a person's income, the less likely they are to enroll and the more likely they are to drop coverage when they have to pay premiums. People who lose coverage most often end up uninsured and unable to obtain needed health care.

In Wisconsin, for example, the Trump Administration in October 2018 approved a [proposal](#) that lets the state take coverage away from people with incomes below the poverty line if they don't pay monthly premiums. Those with incomes as low as 50 percent of the poverty line — about \$500 per month for an adult without dependents — [will lose Medicaid](#) for up to six months if they don't pay premiums.

## **Taking Coverage Away From People Who Don't Meet Work Requirements**

---

The Administration released guidance in January 2018 that lets states take away Medicaid coverage from people who aren't working or engaged in work-related activities for a specified number of hours each month. In Arkansas, over 18,000 Medicaid beneficiaries — almost [1 in 4](#) subject to the new rules — lost coverage in 2018 as a result. In New Hampshire, almost 17,000 people — or [about 40 percent](#) of those subject to work requirements — would have lost coverage had state policymakers not put the policy on hold. In both states, evidence suggests that people who were working and people with serious health needs who should have been eligible for exemptions lost coverage due to red tape.

For people with serious health needs, even the temporary loss of access to medications or other treatment could be harmful or sometimes catastrophic. This is one reason why major physician organizations oppose work requirements, including the [American Medical Association](#), [American Academy of Family Physicians](#), [American Academy of Pediatrics](#), [American College of Obstetricians and Gynecologists](#), [American College of Physicians](#), [American Osteopathic Association](#), and [American Psychiatric Association](#) — as do the [AARP](#), [Catholic Health Association](#), [Consortium for Citizens with Disabilities](#), and many organizations representing patients, including the [American Heart Association](#), [American Cancer Society Cancer Action Network](#), and [American Diabetes Association](#).

And there is no evidence that work requirements increase work. On the contrary, uninsured rates rose for low-income adults in Arkansas (compared to other states), but employment rates didn't, a [study](#) by Harvard researchers found.

While a federal district court struck down restrictive waivers in Arkansas, Kentucky, and New Hampshire, the Trump Administration continues to approve these policies in additional states.

## **Creating Hurdles for Beneficiaries to Enroll and Maintain Coverage**

---

The Trump Administration is encouraging states to [add complexity](#) to their systems for verifying Medicaid coverage. For example, based on past guidance, Idaho had been using a simple process to automatically renew coverage for Medicaid beneficiaries for whom administrative data sources showed no income — a best practice for keeping beneficiaries enrolled. But the Administration recently informed the state that its process didn't comply with federal requirements, leading Idaho to change its verification process and require additional documentation from beneficiaries. These changes have caused low-income people — including [eligible children](#) with complex health care needs — to lose coverage and forgo needed medical care while trying to re-enroll in Medicaid. Pressure for added paperwork and verification may have contributed to some states' [large declines](#) in Medicaid enrollment, and will likely worsen the problem going forward.