

REPEALING MAINTENANCE OF EFFORT PROVISION WOULD CAUSE MILLIONS TO LOSE HEALTH COVERAGE, AND UNDERMINE ECONOMIC RECOVERY

The Affordable Care Act requires states to maintain their current Medicaid and Children's Health Insurance Program (CHIP) eligibility standards until 2014, when the Medicaid expansion and the state-based health insurance exchanges will take effect. (Eligibility standards for children must be maintained until 2019) However, citing immediate state budget problems, a number of Republican governors have asked Congress to repeal the maintenance of effort ("MOE") provisions so that they can reduce Medicaid and CHIP spending by slashing eligibility and making it harder for eligible individuals and families to enroll. Repealing the maintenance-of-effort provision would cause millions to end up uninsured and lead to job losses and slower economic growth.

ADVERSE IMPACT ON A WEAK ECONOMY

- **Repealing the MOE provisions would slow overall economic growth and job creation.** Undoing the MOE provision and making many uninsured would further reduce demand for goods and services in state economies that continue to operate far below capacity due to inadequate demand. It would result in the loss of thousands of jobs that would have been created by the lost Medicaid spending.
- **Every dollar reduction in state Medicaid expenditures would result, on average, in a reduction of \$1.33 in federal Medicaid expenditures, for a total reduction of \$2.33.** If a state used the dollar it saved in state Medicaid funds elsewhere in its budget, there would still be a net withdrawal of \$1.33 from the state's economy – the opposite of what the weak economy needs.
- **A number of governors are proposing deep cuts in Medicaid eligibility that would likely be used, at least in part, to free up room for poorly targeted, bigger tax cuts.** These tax cuts have a far lower "bang for the buck" in promoting economic growth and creating jobs in a weak economy than would the Medicaid spending, because a substantial share of the tax cuts would be saved rather than spent and as noted, only \$1 of tax cuts would be available for every \$2.33 in reduced Medicaid spending

REPEAL WOULD AFFECT HUNDREDS OF THOUSANDS OR MILLIONS OF LOW-INCOME CHILDREN, PARENTS, SENIORS AND PEOPLE WITH DISABILITIES

- **Low-income parents and childless adults will be at risk of losing coverage and becoming uninsured if the MOE provisions are repealed.** These low-income working individuals and parents often bear the brunt of eligibility cuts by states: they would likely be the first to lose coverage as evidenced by Arizona's request for a waiver of the provision that would enable it to cut off 280,000 parents and childless adults, including many people with serious mental illness or other chronic needs.
- **States will be able to roll back coverage for low-income children; for example, states would be able to cut their CHIP programs, cap or reduce enrollment among children eligible for CHIP, or even eliminate them entirely, if they so chose.** States whose Medicaid programs

cover children in families with incomes above the federal minimum eligibility standards will also be able to cut back coverage for such children. Large numbers of low-income children could lose coverage and become uninsured, reversing the progress that has been made over the last decade in significantly reducing the ranks of uninsured children

- **States would be able to make it much harder for eligible individuals, particularly children, to enroll and stay enrolled.** Another reason for the great coverage gains in children in recent years has been the concerted effort by states to simplify their eligibility and renewal procedures to increase participation. Many children with incomes well below the poverty line who couldn't be cut even with a MOE repeal would thus lose Medicaid coverage if a state added burdensome new paperwork and procedural enrollment hurdles.
- **Large numbers of frail low-income seniors and people with serious disabilities could lose nursing home or home- and community-based services, along with eligibility for many other Medicaid services.** The MOE provision prevents new restrictions on eligibility for nursing home care or home- and community-based services, such as increasing the level of impairment needed before someone can qualify for these services, or by capping or freezing enrollment in programs providing home- and community-based services.