



PRACTICE ALERT

NASW Opposes Medicaid Block Grant Initiative

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The National Association of Social Workers (NASW) strongly opposes a new Centers for Medicare and Medicaid Services (CMS) block grant initiative that would undermine Medicaid, a federal program that for the last 50 years has helped millions of people with limited income and resources gain access to health care.

On January 30, 2020, CMS unveiled the Healthy Adult Opportunity (HAO) Medicaid demonstration program. States participating in this program would agree to receive federal funding for Medicaid through an up-front, lump-sum block grant instead of through open-ended matching funds. CMS asserts that this demonstration program will promote innovation in states Medicaid programs. However, these innovations may include instituting work requirements, increased cost-sharing, and higher premiums—all without federal approval and oversight.

Block grants limit federal funding for Medicaid and will cause states to cut enrollment and services to Medicaid recipients. In the current structure of the Medicaid program, the federal government and states contribute to the costs for each enrollee. Block grants, on the other hand, cap the amount of federal funding that states receive for the program. Capped funding eliminates state flexibility to respond to increases in Medicaid enrollment, which often happen due to economic trends, public health emergencies, or natural disasters. Ultimately, block grants restrict the financial resources of states and will interrupt health care services for the most vulnerable Medicaid recipients, including low-income adults under 65, pregnant women, and children. They will also harm providers and health care institutions that serve individuals with Medicaid coverage.

CMS is reaching out directly to states to advertise the HAO demonstration program. This CMS [letter](#) to Medicaid directors misleads states by outlining potential savings from Medicaid block grants that could benefit state budgets. Instead, a block grant structure is likely to generate additional costs at the state level unless services are cut. Furthermore, the initiative allows states to set their own eligibility requirements for Medicaid, such as instituting “community engagement” requirements, increasing cost sharing for enrollees, and limiting access to prescription drugs through restrictive drug formularies. These eligibility requirements will undoubtedly narrow Medicaid eligibility and create additional barriers to health care access.

Repeal of the Affordable Care Act and cuts to Medicaid have been at the forefront of the Republican agenda for several years. In 2017, NASW addressed these dangerous proposals in a [Practice Alert - Medicaid At Risk: Understanding Proposals To Limit Medicaid Benefits through Block Grants & Per Capita Caps](#).

Congress already rejected block grants in a failed 2017 attempt by the administration to repeal the Affordable Care Act. Court Challenges are expected to follow as the HAO demonstration program contradicts the objectives of the Medicaid program.

NASW will continue to work to safeguard Medicaid and access to healthcare for all people.

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