During Recessions, Graham-Cassidy Would Be Even Worse

By Stan Dorn

The Graham-Cassidy plan would force states to deny essential health care, raise taxes, and slash other critical services during economic downturns—precisely when people need help the most

Under current law, when the next economic downturn hits, and more people qualify for help after losing employment and earnings, federal funding for Medicaid and financial assistance for buying private insurance automatically keeps pace. With the Graham-Cassidy block grant, by contrast, each state's allotment would be set in stone, increased based on complex formulas devised in Washington, DC.

During the Great Recession, millions of Americans lost both earnings and coverage from employers, turning to Medicaid for help. With Congress increasing rather than capping available resources, federal Medicaid funding rose by 50 percent from 2008 to 2011, according to Medicaid expenditure reports from the National Association of State Budget Officers (NASBO). If the ACA's Medicaid expansion had been in place, these states would have benefited even more, since expansion coverage more than triples Medicaid's responsiveness to economic downturn.

Graham-Cassidy would increase federal funding by an average of only 4.5 percent per year, from 2020 to 2026.[1] If Graham-Cassidy had been in effect during the Great Recession, federal funding to states would have risen by a total of 14 percent, rather than 50 percent, as illustrated in figure 1 (see page 2).

If this proposal had been law, states would have faced a grim choice: deny health coverage precisely when residents most needed help; or preserve health coverage by raising taxes or cutting other state priorities, like education, social services, and infrastructure. States would face the same grim choice during future recessions if this bill becomes law. Table 1 shows these results for each state and nationally (see page 3).

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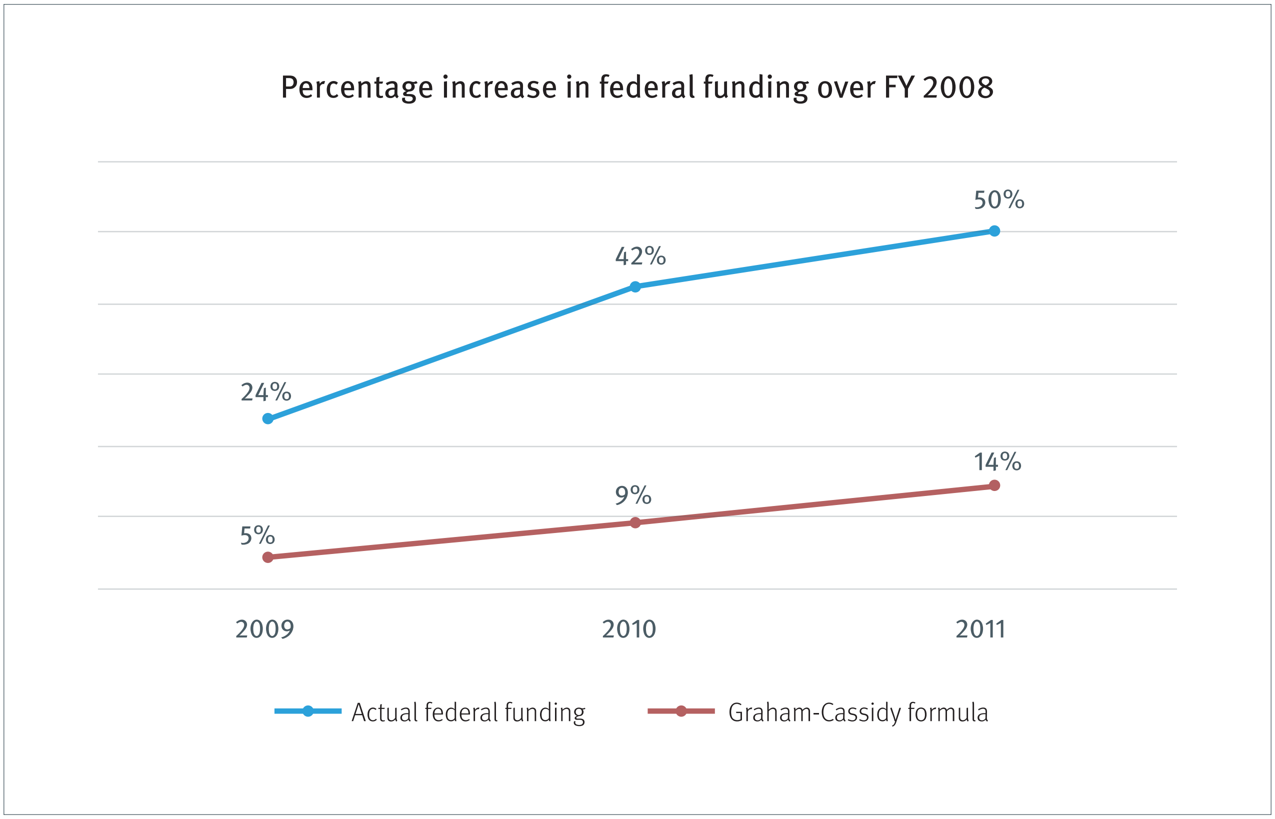
Note that these reductions in federal funding are in addition to the Graham-Cassidy bill's estimated cuts of $231 billion for Medicaid expansion and Marketplace financial assistance and $175 billion in cuts to the basic Medicaid program made through federal per capita caps.

[1]This figure underestimates growth under the block grant, because it excludes $11 billion in extra "contingency" funding the Graham-Cassidy bill makes available in 2020 and 2021. Had our calculations included those dollars, the average annual growth rate would have been 3.8 percent, resulting in greater federal funding losses than those shown in Table 1 and Figure 1.

Figure 1. Increased federal Medicaid funding during the Great Recession: Current law vs. Graham-Cassidy (national)



Source: NASBO State Expenditure Reports, 2009-2012. Note: Graham-Cassidy amounts reflect the average annual increase in block-grant funds during 2020-26, excluding the effects of contingency funding during 2020-21.

Table 1. Increased federal Medicaid funding above FY 2008 levels: current law vs. Graham-Cassidy block-grant formula

	2009		2010		2011	
	Actual	Graham-Cassidy	Actual	Graham-Cassidy	Actual	Graham-Cassidy
Alabama	23%	5%	36%	9%	33%	14%
Alaska	11%	5%	34%	9%	45%	14%
Arizona	57%	5%	47%	9%	89%	14%
Arkansas	5%	5%	29%	9%	32%	14%
California	13%	5%	13%	9%	24%	14%
Colorado	26%	5%	47%	9%	63%	14%
Delaware	8%	5%	56%	9%	70%	14%
Florida	22%	5%	50%	9%	52%	14%
Georgia	20%	5%	30%	9%	29%	14%
Hawaii	19%	5%	29%	9%	55%	14%
Idaho	19%	5%	26%	9%	51%	14%
Illinois	16%	5%	29%	9%	39%	14%
Indiana	20%	5%	37%	9%	46%	14%
Iowa	15%	5%	32%	9%	36%	14%
Kansas	9%	5%	33%	9%	27%	14%
Kentucky	20%	5%	34%	9%	35%	14%
Louisiana	12%	5%	32%	9%	22%	14%
Maine	31%	5%	37%	9%	29%	14%
Maryland	25%	5%	48%	9%	58%	14%
Michigan	30%	5%	49%	9%	52%	14%
Minnesota	27%	5%	46%	9%	48%	14%
Mississippi	24%	5%	22%	9%	17%	14%
Missouri	86%	5%	34%	9%	34%	14%
Montana	21%	5%	37%	9%	40%	14%
Nebraska	13%	5%	23%	9%	22%	14%
Nevada	25%	5%	38%	9%	42%	14%
New Hampshire	15%	5%	30%	9%	29%	14%
New Jersey	15%	5%	36%	9%	37%	14%

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Table 1 continued. Increased federal Medicaid funding above FY 2008 levels: current law vs. Graham-Cassidy block-grant formula

	2009		2010		2011	
	Actual	Graham-Cassidy	Actual	Graham-Cassidy	Actual	Graham-Cassidy
New Mexico	14%	5%	27%	9%	31%	14%
New York	12%	5%	36%	9%	43%	14%
North Carolina	20%	5%	27%	9%	20%	14%
North Dakota	9%	5%	33%	9%	40%	14%
Ohio	-41%	5%	22%	9%	10%	14%
Oklahoma	3%	5%	33%	9%	33%	14%
Oregon	27%	5%	60%	9%	58%	14%
Pennsylvania	17%	5%	32%	9%	48%	14%
Rhode Island	18%	5%	32%	9%	34%	14%
South Carolina	12%	5%	17%	9%	41%	14%
South Dakota	20%	5%	37%	9%	29%	14%
Tennessee	-3%	5%	33%	9%	37%	14%
Utah	15%	5%	29%	9%	33%	14%
Vermont	19%	5%	40%	9%	39%	14%
Virginia	23%	5%	53%	9%	62%	14%
Washington	13%	5%	20%	9%	22%	14%
West Virginia	15%	5%	29%	9%	34%	14%
Wisconsin	35%	5%	64%	9%	74%	14%
Wyoming	23%	5%	35%	9%	31%	14%
U.S.A.	24%	5%	42%	9%	50%	14%

Source: NASBO State Expenditure Reports, 2009-2012. Note: Graham-Cassidy amounts reflect the average annual increase in block-grant funds during 2020-26, excluding the effects of contingency funding during 2020-21. Relevant data were not available for Connecticut, the District of Columbia, or Massachusetts, and data for Texas were excluded because of reporting anomalies.

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