



REPRODUCTIVE RIGHTS & HEALTH

## THE STEALTH ATTACK ON WOMEN'S HEALTH: THE HARMFUL EFFECTS BLOCK GRANTING SAFETY NET PROGRAMS WOULD HAVE ON WOMEN

Some core safety net programs—including Medicaid and the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps)—currently guarantee assistance to all eligible individuals, and the funding given to states automatically responds to changes in need. Yet, some members of Congress have proposed changing the funding structure for these programs with block grants or other capped funding.<sup>1</sup> This may sound like a technical change—but the stakes for women are high.

### SAFETY NET PROGRAMS ARE ESPECIALLY IMPORTANT TO WOMEN AND THEIR FAMILIES.

Women are more likely to be poor than men at all stages of their lives and are more likely to bear the responsibility of caring for children alone.<sup>2</sup> As a result, women disproportionately rely on federal safety net programs to protect their health, feed their families, obtain quality child care and higher education, and meet their basic needs during difficult times and as they age. For example, about two-thirds of adult Medicaid beneficiaries are women, over 60% of adult SNAP beneficiaries are women, and nearly nine in ten adult beneficiaries of Temporary Assistance to Needy Families (TANF) are women.<sup>3</sup>

### WHAT IS A BLOCK GRANT?

A block grant is a fixed amount of money given to states by the federal government to provide benefits or services. Block grant funding does not respond to changes in need—for example, because of a recession, natural disaster, or increase in the cost of the benefit or service. Because funding is capped, individuals who meet all eligibility requirements are

not guaranteed benefits—they can be put on a wait list or denied benefits outright.

### BLOCK GRANTS MEAN CUTS IN FUNDING FOR SAFETY NET PROGRAMS.

The goal of proposals to block grant Medicaid and SNAP is to reduce federal spending on domestic programs. For example, the budget plan approved by the House Budget Committee for Fiscal Year 2017 to block grant Medicaid would have cut federal funding for Medicaid by about \$1 trillion over 10 years, on top of the cuts from repealing the Medicaid expansion.<sup>4</sup> The proposal to convert SNAP into a block grant beginning in 2021 would have cut funding for SNAP by \$125 billion, or almost 30%.<sup>5</sup>

The history of block grants also shows large declines in funding over time. For example, when TANF replaced Aid to Families with Dependent Children (AFDC) in 1998, states were given fixed grants to implement the program. Under AFDC, the federal government matched half or more of each dollar of assistance that states provided to eligible families, giving states and families additional help during recessions and other times of need. Under TANF, the block grants have not been increased, even though inflation has eroded the value of the dollar, the population has grown, and the country experienced the worst recession since the great Depression.<sup>6</sup> Since TANF replaced AFDC, the value of the TANF block grant dropped by 33% adjusted just for inflation; adjusted for both inflation and population growth, its value has dropped by 44%.<sup>7</sup>

TANF is not unique. Funding for most other block grants has been cut deeply over time. Overall funding for 13 major housing, health, and social services block grants has fallen by 27% since 2000 adjusted for inflation, and by 37% adjusted for inflation and population growth.<sup>8</sup> Several block grant programs have lost an even greater percentage of their value than TANF. For example, the Social Services Block Grant, which funds child welfare services, community-based services for the elderly and people with disabilities, and child care



assistance, has lost 81% of its value since inception, adjusted for inflation and population growth; the Maternal and Child Health Block Grant has lost 49% of its value.<sup>9</sup>

#### **LESS FUNDING MEANS LESS HELP FOR WOMEN AND FAMILIES STRUGGLING TO STAY AFLOAT.**

Inadequate funding means that fewer people can be helped and benefits and services must be cut. The shift from open-ended funding of AFDC to the TANF block grant illustrates the dangers. In the last year of the AFDC program, two-thirds of poor families received assistance; under TANF, less than one-quarter of poor families received assistance in 2015.<sup>10</sup> Thirty-five states have allowed already low TANF benefits to drop by 20% or more in real terms.<sup>11</sup> In every state, TANF benefits leave families below half the poverty line.<sup>12</sup>

#### **THE “FLEXIBILITY” STATES GET FROM BLOCK GRANTS IS THE ABILITY TO DO LESS WITH LESS.**

Supporters of block grants claim that the greater flexibility states would get with block grants would make up for the cuts in funding. However, the claim does not hold up. Medicaid<sup>13</sup> and SNAP<sup>14</sup> are already highly efficient and have taken advantage of the flexibility already available under federal law to develop new ways of delivering services more effectively.

The “flexibility” block grants would give states is the ability to limit the number of people served and the benefits they provide. For example, block granting Medicaid could give states the ability to reduce the number of people covered by Medicaid by eliminating eligibility for some people now entitled to benefits under law (for example, pregnant women with family incomes below 133% of poverty); denying or delaying services to eligible people by establishing enrollment caps and wait lists; and creating administrative barriers to enrolling and maintaining enrollment. A Medicaid block grant could allow states to reduce Medicaid benefits by eliminating some services that are currently required (for example, family planning services and diagnostic and treatment services for young children); setting limits on the utilization of benefits; and raising the amount that low-income families must pay for such services through premiums, deductibles, and co-payments.<sup>15</sup>

The SNAP block grant proposed in the budget resolution passed by the House in April 2017 would cut \$125 billion from the program over the 2021-2026 period. States would have the flexibility to decide whether to reduce the number of people served or the amount of nutrition assistance they receive. The Center on Budget and Policy Priorities estimates that if the states offset these cuts solely by tightening eligibility, they would have to cut an average of 10 million people from the program (relative to enrollment under current law) each year. To make the reductions solely from across-the-board benefit cuts, states would have to cut an average of more than \$40 per person per month. But

benefits are already modest: \$1.40 per person per meal on average.<sup>16</sup>

#### **BLOCK GRANTS DO NOT RESPOND TO CHANGES IN NEED.**

Funding for Medicaid and SNAP automatically responds to changes in need. When unemployment and poverty surged during the Great Recession, SNAP responded. The SNAP caseload tracked the increase in poverty, helping needy families put food on the table—and as the economy improved, the SNAP caseload dropped.<sup>17</sup> In contrast, while unemployment doubled, the TANF caseload increased only slightly—and in some states, caseloads fell as states reduced access to assistance.<sup>18</sup>

Medicaid funding also responds to changes in need. If need increases—to cover newly eligible people during a recession, meet new health challenges from the opioid epidemic or Zika virus, or provide effective but expensive new treatments—federal funding automatically increases and is automatically directed to the states experiencing the need.

Programs that automatically respond when times are tough do not just help vulnerable families. Rather, communities, states, and the economy as a whole benefit. During economic downturns, SNAP puts money in people’s pockets that they spend quickly, strengthening the economy.<sup>19</sup> States facing multiple challenges from a recession, natural disaster, or epidemic get additional assistance from the federal government, relieving pressure on state budgets.

#### **CUTS IN FUNDING FOR KEY SAFETY NET PROGRAMS WILL SQUEEZE STATE BUDGETS AND JEOPARDIZE OTHER VITAL SERVICES.**

Medicaid accounted for more than half of all federal funds for states in FY 2015.<sup>20</sup> Thus, deep cuts in Medicaid funding will create large holes in state budgets. States are already struggling and looking to cut Medicaid costs. For example, in 2016 Oklahoma proposed drastically cutting Medicaid provider reimbursement to reduce costs, which would have decimated the provider network. Advocates successfully defeated the proposal, but the state continues to face budget shortfalls and has now proposed reducing provider reimbursement by 25% and reducing or eliminating a range of optional benefits like behavioral health treatment, hospice services, and dialysis. In addition to cutting their Medicaid programs, states may try to fill the budget gaps by cutting education, child care, and other services vital to women and their families.

#### **WHO GAINS FROM BLOCK GRANTING SAFETY NET PROGRAMS? THE WEALTHIEST TAXPAYERS AND CORPORATIONS WHO GET TAX CUTS.**

The detrimental effects that block granting Medicaid, SNAP, and other safety net programs would have on women and families, their communities and states, and the economy are clear. The detrimental effects that block granting Medicaid,



and families, their communities and states, and the economy are clear. There is, in fact, an alternative motivation for these proposals: using the massive spending cuts from block granting these programs to finance lavish tax cuts for the wealthiest and corporations.

A recent example of this strategy is a version of the Affordable Care Act repeal bill promoted by President Trump and House Republican leaders in March 2017. The bill, including the then-proposed Manager's Amendment, would have allowed states to block grant and cut Medicaid and would have repealed the Affordable Care Act. The Congressional Budget Office estimated that bill would have cut over \$800 billion from Medicaid and caused 24 million people to lose health insurance in order to give millionaires average annual tax cuts of over \$50,000 and to cut taxes for insurance and drug companies.<sup>21</sup> In addition, President Trump and Republican congressional leaders planned to use the bill cutting Medicaid to facilitate even more tax cuts for corporations and the wealthy. President Trump said: "We're saving tremendous amounts of money on health care when we get this done, number one, and most importantly ... all of that savings goes into the tax...If you don't do that you

can't put any of the savings into the tax cuts and the tax reform."<sup>22</sup> House Speaker Paul Ryan explained that passing the Medicaid cuts would make it easier to give corporations a \$1 trillion tax cut later.<sup>23</sup>

These upside-down, Robin Hood-in-reverse priorities did not originate with the Trump Administration. For example, the FY 2017 budget approved on a party-line vote by the House Budget Committee in March 2016 called for block granting Medicaid and SNAP and cutting programs for low - and moderate - income people by \$3.7 trillion over 10 years.<sup>24</sup> A few months later, the "Better Way" tax plan unveiled by House Speaker Paul Ryan proposed \$3.1 trillion in tax cuts that would overwhelmingly benefit the top one percent. In the plan's first year, the top one percent would get 76 percent of the tax benefits—and by the tenth year, the top one percent would receive virtually all—99.6 percent—of the tax benefits.<sup>25</sup>

Block granting core safety net programs would be especially harmful to women and their families. Fundamentally changing the structure of these programs would leave the programs unable to meet the basic needs of women and

- 1 This factsheet focuses on block grants. For more information on per capita caps, another capped funding proposal that would be detrimental to safety net programs and women's health and wellbeing, please see NAT'L WOMEN'S LAW CTR., *The Stealth Attack on Women's Health: What Caps on Medicaid Funding Would Mean for Women* (2017), <https://nwlc.org/resources/the-stealth-attack-on-womens-health-what-caps-on-medicaid-funding-would-mean-for-women/>.
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- 6 As part of the American Recovery and Reinvestment Act of 2009, Congress created the TANF Emergency Fund to provide additional help to states and families. However, despite continued high unemployment, Congress cut off these funds as of September 30, 2010, and did not increase funding for the basic TANF block grant.
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- 8 Ibid.
- 9 Ibid.
- 10 Liz Schott, CTR. ON BUDGET AND POLICY PRIORITIES, *Lessons from TANF: Block-Granting a Safety-Net Program Has Significantly Reduced Its Effectiveness*, at 2 (Feb. 22, 2017), <http://www.cbpp.org/research/family-income-support/lessons-from-tanf-block-granting-a-safety-net-program-has>.
- 11 Suzanne Wikle, CLASP, *Dangers of Block Grants and Per Capita Caps in Medicaid Financing*, at 2 (Feb. 2017), <http://www.clasp.org/resources-and-publications/publication-1/Dangers-of-Block-Grants-and-Per-Capita-Caps-in-Medicaid-Financing.pdf>.
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- 16 Dottie Rosenbaum, *supra* note 14, at 1-2.
- 17 *Ibid.*, 3.
- 18 Liz Schott, *supra* note 10, at 5.
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