



Medicaid Financing Reform Proposals and Access to Care for Pregnant Women and Infants

Medicaid plays a critical role in ensuring access to health care and improving health outcomes for low-income women and children. The program covers roughly half of all births in the United States, including many high-risk pregnancies, and provides health coverage for nearly half of all children in the U.S. Proposed financing reforms to Medicaid, such as transforming it into a block grant structure or funding it via per capita caps, could dismantle critical protections and access to care for pregnant women and children.

Under a **block grant**, the federal government would give states a single lump sum contribution for Medicaid, with a slight increase each year based on a pre-set formula. A block grant would remain the same even if more people joined the Medicaid rolls.

Under a **per capita cap** system, states would receive a set amount of federal funding for each Medicaid enrollee. The government could set a single amount for all enrollees, or different amounts for different groups, such as children, adults, and individuals with disabilities. In this scenario, it is unclear to which population pregnant women would be assigned.

Structures like block grants and per capita caps generally do not allow for adjustments in federal funding to account for medical breakthroughs (such as new drug therapies or treatments), infectious disease outbreaks or other increased incidence of disorders (such as the spread of the Zika virus and the growing opioid addiction crisis), natural disasters, or other unanticipated burdens on the system. In cases like these, states would be expected to shoulder the additional costs.

Experts agree that either a block grant or per capita cap reform structure would reduce the federal Medicaid contribution dramatically over time. States would then be forced to either increase revenue to cover Medicaid costs or to cut their spending or eligibility levels. In those situations, the main options states would have to choose among are:

Reducing provider reimbursement rates, which could decrease provider participation in Medicaid and make it more difficult for moms and babies to get prenatal care, well baby visits, and other important services;

Reducing eligibility levels, which could leave women and their infants without access to health care if they no longer qualify for coverage;

Limiting covered services, meaning women and babies might not be covered for critical preventive, diagnostic or treatment services such as maternity care or newborn screening; or

Raising revenue, either through state tax increases or other measures.

The March of Dimes urges policymakers to oppose proposals to alter the fundamental nature of the Medicaid program, such as block grants or per capita caps, which could render states unable to cover the costs of care for pregnant women, infants, and families.