

Medicaid Block Grants: A Bad Idea for Missouri

Turning Medicaid into a block grant means cuts in services to seniors, people with disabilities, nursing home residents, children, pregnant women and low-income parents who need health care. Block grants put the state completely on the hook for unanticipated health care costs—instead of sharing the risk of higher Medicaid spending with the federal government as is done now.

How is Medicaid financed?

Medicaid is a federal-state partnership--states are guaranteed federal matching funds to run the program within federal guidelines and provide health care to their residents. When doctors and others provide Medicaid covered services, the federal government generally pays 63% and up to 90% for some services.

Today, whenever an eligible person enrolls in Medicaid, federal matching funds are available to support their care. Today, a person eligible for Medicaid is guaranteed they can enroll in Medicaid with federal matching funds to help cover the cost.

What is a Medicaid block grant?

A block grant caps the federal share for Medicaid, with the state left to figure out how to support Medicaid with much more limited dollars.

If Medicaid is turned into a block grant, the federal government would set its Medicaid spending amount in advance. Once the federal government sets the federal cap, it will not change, even if the state's actual Medicaid costs are greater than the allotted amount.

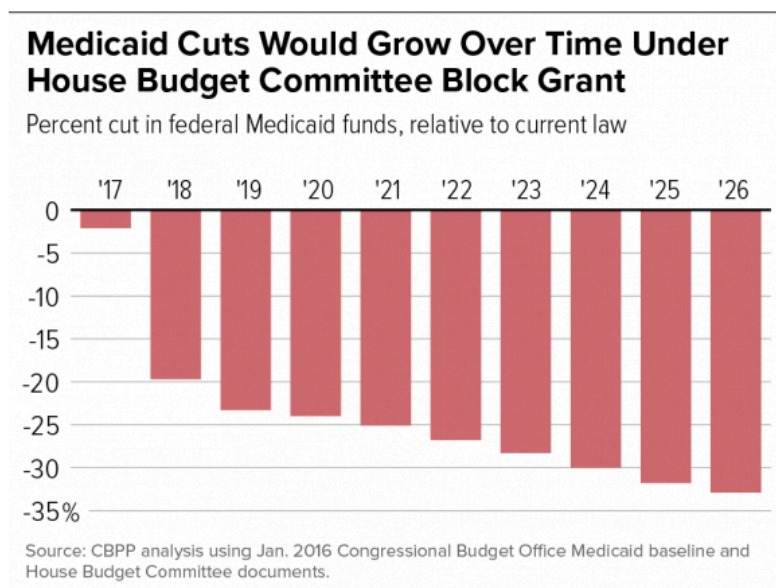
This means that Missouri cannot get additional federal support if there is an economic downturn and more people need Medicaid coverage. Additional federal Medicaid funding is also not available to respond to natural disasters like the Joplin earthquake or public health epidemics like the Zika virus.

If Missouri's costs exceed the amount of the block grant, it will have to use its own funds to make up the difference, or cut eligibility or services for seniors, people with disabilities, children, pregnant women or low income parents.

Medicaid block grants mean cuts to federal funding.

Block grants typically base a state's initial block grant on its current or historical spending and then increase the block grant yearly at a much lower rate—such as general inflation—than the projected growth for health care costs or federal Medicaid spending. The result is that federal funding cuts grow steadily larger each year.

The House Republican budget plan for 2017 included a proposal for a Medicaid block grant that would cut federal Medicaid funding by **\$1 trillion** over ten years **on top of the cuts from repealing the Affordable Care Act's Medicaid expansion**. By the tenth year, federal funding for Medicaid and CHIP would be about 33% less than under current law and the size of the cuts would keep growing each year after that.



Block grants will push Missouri to make deep cuts to Medicaid.

To make up for the loss in federal funding under a block grant, Missouri would have to either contribute more of its own funding—which is highly unlikely given state revenues—or cut eligibility, covered services and provider payments.

- People with disabilities, seniors, children, pregnant women and low-income parents will lose coverage or be put on waiting lists.
- Important services like mental health care will be cut.
- Physician payments, which are already some of the lowest in the nation, could be cut even further.