MEDICAID BLOCK GRANTS IN MO

By Ed Weisbart MD

The Missouri legislature is considering a bill that limits the amount of money our state receives from the federal government to pay for our Medicaid program. Given our current budget crisis, it is dangerous for the state to pursue any reduction in revenues. If you agree, call your legislators today and tell them!

Senate Bill 28 (SB28) would replace Medicaid's federal-match funding formula with a capped annual amount. Currently, the federal government pays 63% of the cost of Medicaid in Missouri, and the state and federal governments jointly determine criteria for eligibility and services. When the economy is bad, more Missourians rely on Medicaid; during more prosperous times, the program contracts. During public health outbreaks, Medicaid's flexibility can meet the crisis by paying for more care, prescription drugs and hospitalizations. This is what it means to have a "safety net"; you hope you never need it, but you're glad it's there when you do. That's precisely what our current Medicaid offers Missourians.

SB28 would tell the federal government that Missouri just wants a "block grant" for Medicaid, a limited pre-determined dollar amount from the federal government. No matter what Missouri spends on Medicaid, the federal contribution would stay the same — but not Missouri's. To make up the difference, either state taxes would need to be raised or state programs would need to be cut. Those are the only two choices.

Imagine a really bad flu season or some other crisis in our state’s health. Today, our payments and funding would match those needs. Under SB28's block grants, when the federal money runs out, our state would either have to absorb any increased costs or start limiting participants and rationing their care.

We'd be in deep fiscal trouble — even without an economic downturn or a bad flu season.

There are only three options to operate Medicaid with less funding: reduce the number of Missourians allowed into Medicaid, reduce the services provided to Medicaid recipients, or reduce the payment schedule for physicians and hospitals. Each of these would be catastrophic for Missouri.

Cutting the number of people on Medicaid would be a public-health disaster. Most Missourians falsely believe that they could get Medicaid if they had low incomes and were not able to get insurance through their employers. While that's true in many states, Missouri does not offer Medicaid to adults according...
only to their income; Missourians also have to be either pregnant, extremely low-income parents, or afflicted with some Medicaid-designated malady (e.g., disabled, blind, etc.). Medicaid is not offered to 300,000 non-disabled Missourians, though they typically have minimum-wage jobs that offer no healthcare benefits. This is why about 2/3 of participants in Missouri are children, and most others are seniors or Missourians with disabilities. Other states are far more supportive of their citizens. It’s difficult to fathom how we could adapt to a Medicaid block grant program by offering Medicaid to even fewer Missourians than we do today.

The range of services offered to people on Medicaid is determined by the federal government with considerable flexibility for the state. The only additional flexibility SB28 would provide to Missouri would be the flexibility to potentially cut more services than is currently allowed by the federal government. A limited block grant would cause reductions in services, each of which are considered essential by people with private insurance. Withholding care from the most vulnerable among us – children, people with disabilities, and seniors – is a self-defeating strategy. This leads to more serious, and more expensive, illnesses and treatments, leading to more preventable hospitalization and more avoidable deaths.

The third option, having Medicaid reduce what it pays physicians and hospitals for services, would mean that Medicaid patients would have almost no chance of finding physicians willing to treat them. This would cause emergency rooms to become even more crowded, as these ERs would still be required by law to evaluate and stabilize all patients, even if they have no insurance. When patients have nowhere else to go, they use ERs as if they were doctors’ offices. Having more uninsured patients at ERs, more uninsured patients at hospitals, and less money per person to treat them would result in more Missouri hospitals having to close, which is already happening.

The only direct result of Senate Bill 28 would be less revenue for Missouri, which would likely drive both a fiscal and public health disaster. Whatever Missouri decides to do with Medicaid, this bill would simply make sure we had less money to do it. Tell your state legislators to vote it down.

You can get more information at www.pnhpMO.org, at www.mobudget.org/medicaid, and easily find your legislators at www.MOHealthCareForAll.org.