Medicaid block grants: cost savings or restricting health care to Missouri’s poor?

By DURRIE BOUSCAREN (PEOPLE/DURRIE-BOUSCAREN) • FEB 10, 2017
Missouri legislators are considering a measure that would allow the state to fold into a proposal that has become a popular GOP refrain (http://www.npr.org/sections/health-shots/2017/01/22/510984148/republican-plan-to-replace-obamacare-would-turn-medicaid-over-to-states): Convert funding for state Medicaid programs into block grants.

Senate Bill 28 would allow Missouri to ask the federal government for a block grant to pay for its Medicaid program, MO HealthNet, each year. Under current law, the federal government picks up a portion of the cost of care for whatever the program's enrollees use. Proponents say a block grant, which would deliver the state a set amount of money each year, would rein in rising health care costs and give Missouri more control over how the program's dollars are spent. Critics say the change would restrict care to those who need it most because health care spending is outpacing inflation.

“I want to get this ship changed as soon as I can,” said state Sen. David Sater, R-Cassville, the bill's sponsor. “I know there are people out there who may be worried about what’s going to happen, but my objective is to improve their health, not to deteriorate it.”

About 990,000 low-income, disabled or pregnant Missouri residents are covered through MO HealthNet. Two-thirds of enrollees are children. Income eligibility guidelines can be found here (https://www.healthinsurance.org/missouri-medicaid/).
The proposed rule does not outline the size of the block grant Missouri would seek, or how much it might increase over time. The bill's most recent fiscal note (http://www.moga.mo.gov/OverSight/Over20171//fspdf/0519-05N.ORG.pdf) estimates it would cost the state about $440,000 a year to apply for a block grant and implement the measure.

“It’s a matter of spending our money more wisely,” Sater said. “I think we need to increase provider fees, because they limit the amount of Medicaid patients [that doctors] see. The end result is that Medicaid patients use the emergency room more.”

Jen Bersdale, executive director of the patient advocacy group Missouri Health Care for All, said the bill is bad for patients.

“It would almost certainly lead to cuts to Medicaid funding, which would lead to cuts in care,” Bersdale said. “Senate Bill 28, as currently written, would hand complete control of our state’s Medicaid program over to a small administrative committee with no actual accountability to voters.”

In addition, Bersdale said, getting federal Medicaid funds as a lump sum may put the state at a financial risk if there are high unexpected health costs in a particular year.

“It could be anything from a natural disaster to a flu pandemic, to new medical technologies that cost more than the old ones but offer greater benefits,” Bersdale said.

Sater’s bill does say Missouri’s application should include provisions “to the fullest extent possible” to allow flexibility in those circumstances.

SB 28 (http://www.senate.mo.gov/17info/BTS/Web/Bill.aspx?SessionType=R&BillID=57095323) is awaiting a hearing on the formal Senate calendar.

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