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## Medicaid debate in legislature centers on financing, flexibility

JOHN SADLER *Mar 12, 2017*

JEFFERSON CITY — As the fight over health care dominates discussion in Washington, a quieter debate is taking shape in the Missouri General Assembly that could fundamentally alter the way health care is delivered to the state's most disadvantaged residents.

Missouri state legislators, who have long had to balance state budgets with continuous increases in health care expenditures, have placed Medicaid funding in the crosshairs. Earlier this year, Gov. Eric Greitens targeted benefits for the elderly and disabled but cut other areas, such as higher education and K-12 school transportation.

One solution being strongly considered by some Republicans would radically alter the way Medicaid is funded in Missouri. Proponents say it would give the state more control over costs while opponents say it would result in cutting crucial medical services and programs.

Arguments over Medicaid on a state level mirror the combative debates around health care at the federal level. President Donald Trump and congressional Republicans ran on a platform of "repeal and replace" in regard to the Affordable Care Act, ultimately releasing their own health care bill which would dismantle some of the ACA's policies.

One of the policies from the ACA that congressional Republicans have targeted for eventual removal is the Medicaid expansion policy. The ACA offered an expansion of Medicaid for residents that live at 138 percent of the federal poverty line. After a lengthy legal battle, the Supreme Court issued a proclamation that the federal government could not force states to implement the expansion, leading to a fragmented Medicaid system as states decided whether they wanted to participate.

Missouri is one of 19 states in the country that refused to expand Medicaid under the ACA, also known as "Obamacare", and many Republicans in the General Assembly speak harshly of the policy. On the campaign trail and after the election, Greitens blamed the ACA for contributing to Missouri's budget crisis.

Rep. Scott Fitzpatrick, the chairman of the Missouri House Budget Committee, said implementing the Medicaid expansion would hurt Missouri's overall financial state.

"The last numbers I saw is that expanding it would increase the spending total by over \$2 billion," said Fitzpatrick, R-Shell Knob. "So if the feds pick up 90 percent of that, that's \$200 million the state has to pick up. So that's more money we have to spend, because right now those people are not on Medicaid."

According to the Henry J. Kaiser Family Foundation, a non-partisan nonprofit that shares facts and analysis on health care issues, Missouri spent \$9.6 billion on Medicaid expenditures in 2015, coming in far above states such as Wyoming and South Dakota, with the lowest amount of expenditures at \$566 million and \$813 million, respectively. However, Missouri was nowhere near the top: Two of the largest states, California and New York, spent over \$85 billion and \$59 billion, respectively.

Among states with populations within a million of Missouri's, the Show-Me State is firmly in the middle. States such as Tennessee and Indiana come in \$300 million to \$500 million less than Missouri, while more liberal areas such as Massachusetts and Washington come in a billion dollars more than Missouri's expenditures.

While the federal government guarantees at least a dollar matched per dollar spent at the state level, that rate is the bare minimum. Different procedures and demographic groups get more federal money.

"Basically the idea of what we were operating on was that if Missouri kicks in a dollar, the feds will kick in two dollars," said Sen. Robert Schaaf, R-St. Joseph. He said it isn't always so cut-and-dry, though. "Sometimes we'll kick in a dollar, and the feds will kick in nine dollars."

Missouri lawmakers have gotten creative to find a way around cutting the program outright. Some, like Senate Bill 28 sponsored by Sen. David Sater, R-Cassville, would fundamentally alter the way Medicaid is funded in Missouri.

The bill would change all funding to a block grant format, which would, in essence, distill all of the money given to Missouri by the federal government for Medicaid into one lump sum. The idea behind the bill is to essentially make Medicaid as efficient as possible by giving the state more flexibility and autonomy in determining how to use the funds.

Sater said current Medicaid decisions can cost more money than is necessary, such as paying for expensive emergency room bills when the patient could have been treated at a doctor's office. The system also can lead to delays in care, he said.

"I've talked to many physicians who have seen a Medicaid patient, and say (the patient) has, oh, a heart problem," he said. "They send them to a heart specialist, and it's months and months and months before they can get in, because the heart specialist only accepts a certain percentage of (Medicaid) patients because they lost money on those patients."

The idea of block grant funding for Medicaid has been pushed by the Trump administration and congressional Republicans, including Speaker Paul Ryan of Wisconsin. Tom Price, the secretary of Health and Human Services, has also come out in support of the measure while acknowledging it may end the assurance that all eligible citizens would receive Medicaid benefits.

Sater said he wanted to get ahead of the potential overhaul. "It's something I've been thinking about for the last few years," he said. However, making a move on block grants this session would not have immediate results due to the lengthy application process, he said. "It would be two or three years probably before you see something."

The bill currently sits in limbo, having been removed from the Senate calendar, Sater said, so he could discuss the proposition with the governor and contacts in the federal government.

Proponents tout a block grant request as a measure that would give states more control over their health care decisions. If health care costs were to go over the set amount given by the grant, Missouri would be on the hook to either cover the costs or cut eligibility.

Opponents also worry the block grant system would ultimately end up cutting benefits to some residents who previously qualified.

Sen. Jill Schupp, D-Creve Coeur, said the proposal would ultimately give Missouri less money to fund Medicaid.

Other nonprofits have come out against it at a state level.

"Block grants are ultimately a mechanism that results in cuts in funding for Medicaid," said Jen Bersdale, the executive director of Missouri Health Care For All. The organization opposed the bill because of what they say is a potential for lost coverage, and Bersdale said some lawmakers seemed to agree.

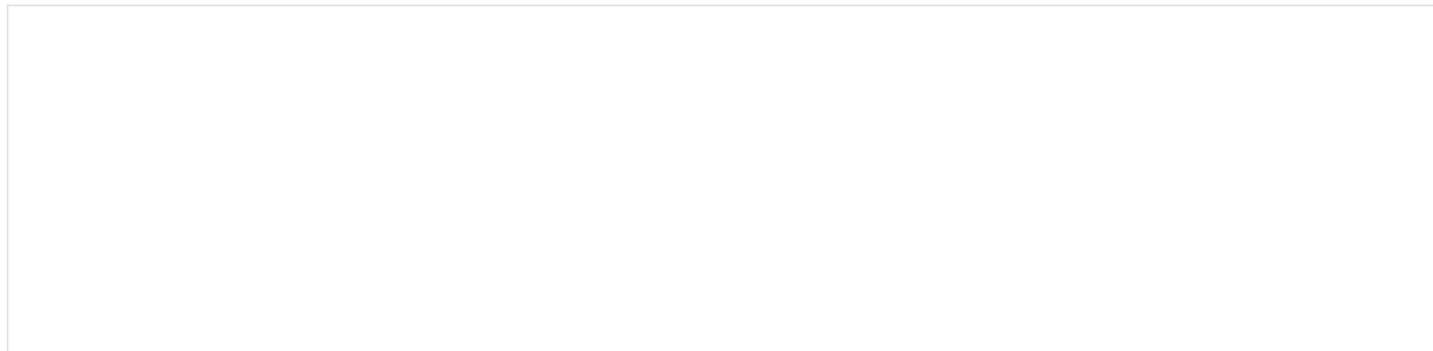
"We know there are legislators in both parties that realize how dangerous this is," she said.

Sater said that while he has no plans to propose any cuts to coverage, he is sympathetic to the concerns of opponents.

"I tried to emphasize and emphasize actually I want better (health care) service," he said. "I think (Medicaid recipients') health is certainly as important as yours or mine."

*Supervising editor is Mark Horvit.*

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