

## What's In a Name? A Medicaid Block Grant by Any Name Is Bad News for Missouri

While avoiding the terminology, House Budget Chair Paul Ryan proposes to “restructure Medicaid” by imposing very deep cuts that would effectively convert Medicaid to a block grant. Such a change would leave Missouri, and particularly our seniors, children, individuals with a disability, and health care providers holding the bag.

Under a block grant – or a spending cap – Missouri would receive a fixed amount of funding each year for its Medicaid program. If additional funds are needed, Missouri would face tough choices: use state money to make up the difference; cut benefits, cap or lower eligibility for children, seniors, individuals with a disability or pregnant women; or reduce payments to community health centers, hospitals, nursing homes, physicians, pharmacies or managed care plans.

A [recent analysis](#) by the Center on Budget and Policy Priorities estimates the impact on each state if the Ryan plan had been in place in 2000, and found that Missouri would fare poorly. Under Ryan’s plan, Medicaid funds would be increased each year based on population growth and the Consumer Price Index (inflation). Our population growth is fairly stagnant, and Missouri’s aging residents require increased health services such as prescription drugs, home health services, and long-term care in nursing homes.

From 2000-2009, a block grant for Medicaid would have resulted in **\$10.66 billion less in federal funds** than Missouri actually received. The impact of a block grant or spending cap grows over time. By 2009, the gap in funding for that year would have been \$1.85 billion – 37 percent less than it actually received. Only 10 states would lose a larger percent of federal funds than Missouri would lose under a block grant or spending cap.

Closing the 2009 gap would have required **cuts more than 3 times as deep** as those made in 2005. Those cuts led to dire outcomes. More than 100,000 working parents lost their eligibility for Medicaid, services were cut, and already low income seniors and those with a disability must now pay high premiums to “spend down” their income to 85 percent of federal poverty each month in order to be eligible for Medicaid.

Block granting or capping spending far below current levels doesn’t do anything to tackle the drivers of health care costs. It just means that the federal government will leave states, along with their health care providers, seniors, individuals with disabilities, children and pregnant women to struggle on their own. A bad idea by any name.