SB 419 – Block Granting Medicaid & No Medicaid Expansion

SB 419, sponsored by Sen. Silvey (R-Clay County) would block grant Missouri’s Medicaid program. Not only does the bill not expand Medicaid it puts the state, consumers and safety net providers at risk. Moreover, HHS does not have authority to authorize a true block grant.

- **Does not expand Medicaid** to adults ages 18-64 earning up to 133% of poverty.

- Authorizes the Department of Social Services (DSS) to seek a **block grant for Medicaid**.
  - **A block grant means Missouri would get a capped amount of federal money each year and the state would be at financial risk if actual costs are higher.**
  - Now the federal government pays a share of costs each year with no upper cap on the total amount of federal funds the state can receive. The state and federal government share the costs if there is a flu epidemic, recession, or new costly medical treatment that causes Medicaid costs to rise sharply. Under a block grant the state bears the financial burden.
  - At the federal level, block grant proposals have been tied to efforts to cap the federal share of Medicaid costs, shifting more of the costs to states.
  - **This bill could result in Missouri getting less federal Medicaid funds than are now guaranteed by federal law.**
  - The bill seems to subject all populations--aged, disabled, blind, children, low income parents, pregnant women, people in nursing homes and community based services--to the block grant putting at risk services for the state’s most vulnerable.

- Eliminates all existing MoHealthNet legislative protections and administrative rules, giving authority to a new 10-person joint House and Senate Committee to design a new Medicaid program, apparently with no legislative oversight.
  - **Puts at risk all existing eligibility protections** for children, elderly and the aged.
  - **Puts at risk all existing benefits** including home and community based services, personal care services, and nursing home services, among many others, by authorizing the joint committee to promulgate new covered benefits that are “comparable in scope and breath to non-Medicaid insurance coverage,” which does not include the long term care services now covered by Medicaid.
  - **Overrides the present statutory provision that prohibits those who are aged, blind and disabled from being required to enroll in Medicaid Managed care plans.**

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• Creates a new **Healthcare Transformation (HT) Trust Fund to fund Missouri’s Medicaid program that is likely to have a state-funding shortfall.**
  
  - The HT Trust Fund is a dedicated fund designated as the sole mechanism for all Medicaid program financing, and authorized to receive federal and state funds.
  - **After year one, no general revenue (GR) funds may be appropriated to the HT Trust Fund** to help pay for the state’s share of Medicaid costs.
  - Instead, the state’s share of Medicaid costs must be paid out of non-GR funds (like provider taxes) and savings to GR that result from an “enhanced federal match” that only occurs if Missouri expands Medicaid to cover adults with incomes up to 133% of poverty.
  - An “enhanced federal match” will not occur if the program is funded through a block grant rather than existing “federal match” rules.
  - If there is a shortfall in the new trust fund, all providers will be subject to an automatic, equal, pro-rata reimbursement cut.
    - Missouri statute already provides for pro-rata benefit payment reductions if Medicaid funds are insufficient (208.154.1)
    - If the federal government or the courts overturn the reimbursement cuts, then all provider payments are suspended.

• **HHS does not have the authority to grant a true block grant** proposal that changes existing “federal match” rules or waives all federal eligibility and benefit rules.

• **The Section 1115 Medicaid Demonstration Waiver is a more productive avenue to explore with HHS than a block grant.**
  
  - HHS has great flexibility to grant states **Section 1115 Medicaid Demonstration waivers** to design programs that meet states’ unique needs and policy preferences, including such things as premiums, HSAs, and private insurance options.
    - Arkansas, Iowa, Indiana, Pennsylvania, Michigan and New Hampshire all have Section 1115 waivers as part of a Medicaid Expansion for adults.
  - **Instead of a block grant, SB 419 should direct the DSS to seek a Section 1115 waiver that**
    1. Uses the Health Transformation (HT) Trust Fund to fund the state’s Medicaid program.
    2. Leaves in place existing state statutory rules for eligibility and benefits for those presently eligible for Medicaid.
    3. Expands eligibility to include adults with income up to 133% of poverty with an “enhanced federal match” providing better long term financing for the HT Trust Fund.
    4. Provides that the legislature, rather than a 10-member joint committee, shall decide the scope of benefits, cost sharing, private insurance, work rules and other details of benefits for adults in the new expansion group.

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