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Monday, April 18, 2011

What would a Medicaid block grant mean for Kentucky?

Last Friday, the U.S. House [passed](#) Rep. Paul Ryan's budget plan. In it, Ryan proposed transforming Medicaid funding into a block grant. By capping the amount of money the federal government provides in the form of a block grant, states, in turn, would receive greater flexibility to run their programs.

Block granting Medicaid would significantly change this joint state and federal program. The debate has already ensued.

Specifically in Kentucky, Gov. Steve Beshear made his opinion clear when he signed a [letter](#) co-written by 17 governors urging Washington's leaders *not* to block grant Medicaid. The governors write that a block grant would "shift costs to states and threaten program integrity."

In an [op-ed today](#), Michael Cannon of the Cato Institute claims that this letter actually strengthens the case for block grants. Cannon argues that the current system allows governors to shift costs in an effort to bring in more from the federal government:

"Matching grants are such a cash cow that states hatch all manner of schemes to 'pull down' as much federal money as possible."

Sound [familiar](#)?

One of the most fundamental problems with the current system, as Cannon argues, is the lack of incentive for governors to curb fraud and abuse under the current Medicaid structure because the federal government receives most of the savings. But a block grant would encourage governors and Medicaid commissioners to eliminate waste. Cannon closes,

"Under block grants, states would keep 100 percent of the savings from rooting out fraud and abuse, which would encourage states to spend their Medicaid dollars wisely, reduce the cost of the program, and enable states to do more with fewer resources."

Increasing costs, fraud and abuse are all too common in Kentucky Medicaid today. Wouldn't our citizens be best served by a program with incentives to create savings and eliminate waste?

Posted by Holly Carter at 2:15 PM

Labels: [Medicaid](#)

1 comments:

Anonymous said...

There are a couple of worries. First, the block grant would probably drift into other areas of gov't. I love the reference in your article, to Citizens. Illegals get more of our medicade/medicare money now, how could we be sure it went ONLY to citizens. To have Bashear borrow on next years block grant, would be scary.

[April 18, 2011 7:52 PM](#)

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