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## Opinion

### **Battle Looms over GOP Efforts to Remake Medicaid** **By Lawrence Haas**

Debates over taxes and spending are often about bigger things, such as the proper role of the federal government, our responsibilities as citizens to finance that government, and our obligations to care for one another.

Over the last 20 years, presidents and lawmakers have debated a number of fundamental questions:

- Welfare reform in 1996 — should the federal government provide open-ended welfare benefits to the poor?
- Social Security reform in 2005 — should the government completely control Social Security benefit levels?
- Health care reform in 2010 — should the government force individuals to buy insurance and should it play a larger role in providing coverage for millions of Americans?

Big questions will again take center stage in the coming debate over whether to convert Medicaid — which provides health coverage to 58 million low-income children, parents, senior citizens and people with disabilities — from an entitlement in which eligible Americans are guaranteed coverage to a block grant in which states can scale back that guarantee by restricting eligibility or benefits.

Such a debate will focus attention away from the popular notion of “cutting spending” to the more concrete dilemma of which specific programs and benefits to maintain. In fiscal terms, it is the place where the rubber will meet the road.

President Lyndon B. Johnson and a Democratic Congress created Medicaid in 1965 during a time of seemingly limitless possibility. A robust economy promised to generate the revenues that would enable the federal government to expand social programs, including Johnson’s massive War on Poverty. Today, in contrast, the body politic anticipates a coming period of federal retrenchment to address soaring deficits and debt.

The federal government shares the costs of Medicaid with the states, with Washington paying an average of 57 percent of each state’s costs. To receive its federal share, each state must meet certain requirements in terms of minimum levels of benefits for its covered populations. If more people become eligible for Medicaid, such as during a recession when people lose jobs and their incomes, federal and state spending rises automatically to cover the added costs.

Now, key House Republicans, such as Budget Chairman Paul Ryan of Wisconsin and Energy and Commerce Chairman Fred Upton of Michigan, want to convert Medicaid to a block grant,

meaning that each state would get a capped amount of federal money each year rather than a guaranteed percentage. To reduce federal spending, Washington would give the states less under a block grant than they would be expected to receive under a continuing entitlement.

In exchange, states would get more flexibility to run their Medicaid programs. So, if they didn't want to use more of their own funds to offset the reduced federal contribution, governors and legislatures could save money by limiting enrollment, tightening eligibility, or forcing recipients to pay more for Medicaid services.

Proponents of block grants generally make two arguments. First, they say Medicaid's costs are "out of control" (though Medicaid's per-beneficiary costs have been rising no faster than costs across the health care system). Second, they say Medicaid's incentives make no sense because states can expand eligibility and benefits and know that Washington will cover more than half of the added costs.

Block-granting Medicaid is not a new idea. A new Republican congressional majority proposed the plan in 1995 but could not overcome President Bill Clinton's opposition. Then, President George W. Bush proposed a Medicaid block grant in his fiscal 2004 budget, but he couldn't gather the votes in Congress to enact it.

Today's House Republicans, who rode a wave of voter anger over "big government" to secure their new majority, nevertheless will not likely fare any better than their GOP predecessors. The Senate remains in Democratic hands, and President Obama will oppose a Medicaid block grant anyway – if only because it would eviscerate his landmark new health reform measure, which calls for a huge expansion of Medicaid to cover an additional 16 million Americans by 2019.

Progressives, who want to retain the Medicaid entitlement, approach the coming debate with trepidation, fearing conservatives can exploit anti-government sentiment to change the fundamental nature of this Great Society program. In the end, however, a debate of this kind could be just what progressives need. By putting flesh on the bones of federal spending, it will highlight the costs, in human terms, of transforming key domestic programs in potentially harmful ways.

That's what helped defeat earlier proposals to convert Medicaid into a block grant. We should expect nothing different this time around.