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Medicaid & CHIP Reform

The State Health Flexibility Act

H.R. 4160

The status quo in Medicaid is unfair to the poor and to our children. Waste and fraud run rampant. The poor are promised care but often struggle to find a doctor. And our children will be taxed to pay off the debt incurred for programs that do not work like they should. ObamaCare makes all of these problems even worse. The *State Health Flexibility Act*, H.R. 4160, frees the states from Washington's one-size-fits-all dictates so they can design programs around the needs of their own citizens, yet it does not cut a single penny from current funding. We must take this opportunity to make Medicaid more affordable, more accountable, and provide better care to the people who need it most.

Documents on the *State Health Flexibility Act*:

[Bill Text](#)

[Bill Summary](#)

[Frequently Asked Questions](#)

Quick Facts on the Status Quo in Medicaid:

- Fraud and waste run rampant, yet many people on Medicaid struggle to find a doctor. Even if they can, the quality of care is often substandard.
- States have to design their programs to satisfy a one-size-fits-all welfare bureaucracy in Washington. It can take months or years to get permission to enact their own reforms.
- Medicaid costs are growing even faster than Medicare. States now spend more on Medicaid than anything else, including K-12 education programs.
- ObamaCare would have states spend up to \$118 billion more of their own money and offer Medicaid to an additional 17-25 million people.
- States have little incentive to rein in costs because the federal government matches 50-74% of every dollar they spend.

Overview of the *State Health Flexibility Act*:

- Many current and former governors, including Mitt Romney, believe that block grants provide the best opportunity for fixing Medicaid. In fact, the *State Health Flexibility Act* meets the [seven principles](#) for Medicaid reform adopted by 29 Republican governors in June 2011.
- It combines federal funding to the states for Medicaid and CHIP (the Children's Health Insurance Program) into a single block grant that allows states to design their programs according to the needs and priorities of their own citizens.
- Because the states understand better than the federal government the needs of their citizens, states will have sole authority to determine eligibility, benefits, provider reimbursement rates, and to improve the quality of care and access to vital services.
- Based on the model set by the successful welfare reforms of 1996, federal funding for Medicaid & CHIP will be set at current levels for the next ten years. This change will encourage state innovation and reform while saving \$1.8 trillion (*revised to \$2.0 trillion* after review of CBO's March 2012 baseline) compared to current law under ObamaCare.
- The states will be free to set their own funding at whatever level they choose, and the citizens of each state can hold their officials accountable for irresponsible decisions.
- Congress will retain the ability to temporarily or permanently adjust federal funding levels to account for changing needs. Spending will simply no longer increase on auto-pilot.
- As state reforms reduce dependence on government assistance, those affected are more likely to enter the workforce, get insurance, and be able to lift themselves up the economic ladder.

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SPENDING REDUCTION ACT

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@RepublicanStudy President Obama cuts White House tours, but travels to Africa. <http://t.co/jJgaHeOcAM> #CutWaste Posted a minute ago

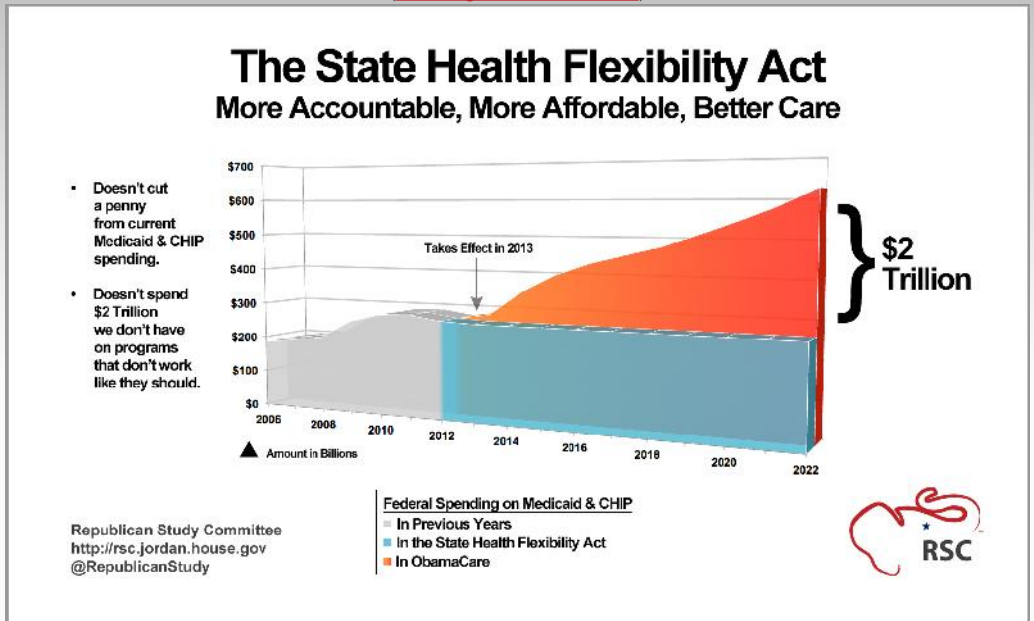
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 @DesJarlaisTN04 Frederick Douglass statue dedication today. <http://t.co/xLjxe8U0bz> Posted a minute ago

 @RepHartzler House has acted to stop rise in student loan rates. 1. President and Senate must act. <http://t.co/tu6f6VRj6M> #Dontdoublemyrate Posted a minute ago

- Annual, independent audits of states' use of federal funds will be provided to the U.S. Treasury Secretary, the state legislatures, and the general public. Misused funds detected by an audit will result in forfeiture of the funds with a 10% penalty to encourage proactive efforts to root out waste, fraud, and abuse.
- Current-law prohibitions will continue against abortion funding, health care services for illegal aliens, and discrimination based upon disability, sex, race, color, or national origin.

[\(View High Resolution Here\)](#)



Governors In Support of Giving States More Flexibility to Design and Improve Their Programs:

New Jersey Governor Chris Christie: "The president should block grant this Medicaid money to each state. Let each state make its judgment. What works in New Jersey...is very different, I suspect, than what would work in Montana. And so let's stop pretending there could be a one-size-fits-all for this problem."

Wisconsin Governor Scott Walker: "And from a practical standpoint, the federal government should give Medicaid block grants to states. This would allow states to maximize the efficient use of tax dollars and increase private-sector competition while still providing care for those in need."

Utah Governor Gary Herbert: "Medicaid spending is consuming nearly twice the amount of Utah's state budget it did just 10 years ago, and the Affordable Care Act's mandated Medicaid expansion will only exacerbate the problem. Medicaid is crowding out other vital state priorities like education and transportation. I urge the federal government to implement a block grant program for federal entitlement programs. Utah would gladly take less federal money, if that money came with no strings attached. Give states flexibility to manage Medicaid and states will find more innovative and efficient service delivery mechanisms. Consider any major management metric -- Utah has managed its own affairs in a far more responsible manner than Washington, DC, has managed the nation's affairs."

Mississippi Governor Phil Bryant: "As ObamaCare nears full implementation, the state of Mississippi is faced with approximately 360,000 new enrollees to the Medicaid program. Mississippi must be given the flexibility to run the program at the state level. The numerous unfunded mandates and unprecedented federal interference of ObamaCare will hamper the State of Mississippi's ability to pay its Medicaid obligations. Having block grant authority would give states the flexibility and opportunity to run the program in a way that is best suited to their own residents, not Washington."

Tennessee Governor Bill Haslam: "Current federal constraints prevent Tennessee from running our Medicaid program as efficiently and effectively as it could be if we were provided more local control. States know best how to serve their populations and how to do so in a cost-efficient manner. Medicaid takes up a sizable portion of state budgets, and the new healthcare law and continued federal inflexibility are making it increasingly difficult to invest in other state priorities like education. The federal government should strongly consider a block grant program that would place more control into the hands of states, and at a minimum must begin to allow us more flexibility in how we run our individual Medicaid programs."

Former Florida Governor Jeb Bush: "I think that there ought to be a careful review of the rules that go along with the block granting. If you don't get a waiver from some of the requirements, that would be a challenge, but it's a far better approach to be forced to innovate because of state budgets. I don't know if there's a single state that doesn't have a challenge with their Medicaid budget and they're forced then to either stop spending on other things because of balanced budget requirements, or reform how Medicaid works. Being given the freedom to reform and innovate in return for some fixed amount of money that would come, in our case, I believe, we were probably 1/2 of

the growth projected, that we gave up that half of the growth, in return for the ability to innovate, that's a good trade off."

More Information:

Washington Times Editorial: [Ending Medicaid's Washington Tour](#)

Washington Examiner Editorial: [Letting States Run Medicaid Is the Best Way to Reform It](#)

The Daily Caller: [Lawmakers Push to Give States More Power in Health Care](#)

CQ Today: [House GOP Revisits Ryan Medicaid Block Grant Idea](#)

The Cato Institute's Dan Mitchell: [The Return of Much-Needed Medicaid Reform](#)

Carol Greenberg from Conservative Outlooks: [RSC Members Introduce the State Health Flexibility Act](#)

Susan A. Carleson of the Carleson Center for Public Policy: [Securing the Safety Net](#)

David Bozell of ForAmerica: [Sensible Health Reforms](#)

Mercatus Center at George Mason University: [Federal Medicaid Proposal Could Help State Budgets](#)

Rep. Huelskamp Op-ed: [Empower States on Medicaid](#)

Rep. Rokita Op-ed: [Congress Needs to Block-Grant Medicaid to States](#)

Heritage Action: [The State Health Flexibility Act](#)

Sally Pipes Op-ed: [Block Grants to States Give Medicaid New Hope](#)

Grace-Marie Turner Op-ed: [What's Next? Step One After Obamacare](#)

Stephen Moore and Peter Ferrara: [Medicaid Freedom of Choice](#)

Governor Scott Walker Op-ed: [Obamacare Is an Unhealthy Prescription](#)

Outside Support:

American Legislative Exchange Council: [Letter of Support](#)

Americans for Prosperity: [Letter of Support](#)

Association of American Physicians and Surgeons: [Letter of Support](#), [Press Release](#) and [Article](#)

Americans for Tax Reform: [Letter of Support](#)

Citizens Against Government Waste: [Letter of Support](#)

Commonwealth Foundation: [Letter of Support](#)

For America: [Article](#)

FreedomWorks: [Letter of Support](#)

Illinois Policy Institute: [Letter of Support](#)

Independent Women's Voice: [Letter of Support](#) and [Article](#)

Let Freedom Ring: [Letter of Support](#)

National Tax-Limitation Committee: [Letter of Support](#)

National Taxpayers Union: [Letter of Support](#)

Surgery Center of Oklahoma's Dr. Smith: [Letter of Support](#)

The Carleson Center for Public Policy: [Letter of Support](#), [Article](#)