

Financing Changes and Added Flexibility to Medicaid

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Today's Conversation Built on Four Themes

Theme 1: The original vision of welfare reform

Theme 2: Horizontal equity with simplicity and stability

Theme 3: The ACA's Medicare "block grant"

Theme 4: Social determinants of health

General objectives of state flexibility to reach a national objective

- Encourage innovation through experimentation
- Share financial risks with states to provide incentive for efficiency and innovation
- Allow political adaptation (e.g. ACA Section 1332)

But the devil – and salvation – is in the details

Major issues in providing state flexibility and spending limits to Medicaid

1. How much flexibility should states have?

- “What would Alabama do?” – guardrails
- Budget neutrality across health programs? The Daschle-Gingrich agreement
- Medicaid for housing and other social determinants?
- Different flexibility for different parts of redesigned Medicaid?

Major issues in providing state flexibility and spending limits to Medicaid

2. Who decides what a state can do?

- Waiver model
- A commission? – the 2006 Baldwin-Price Health Partnership Act
- Statutory changes – e.g. the four Republican Governors letter

Major issues in providing state flexibility and spending limits to Medicaid

3. Getting the financial balance right

- Taking account of economic downturns
- Taking account of population changes
- Indexing: cost reduction, efficiency, innovation, balanced risk
- Block grants or per capita?