



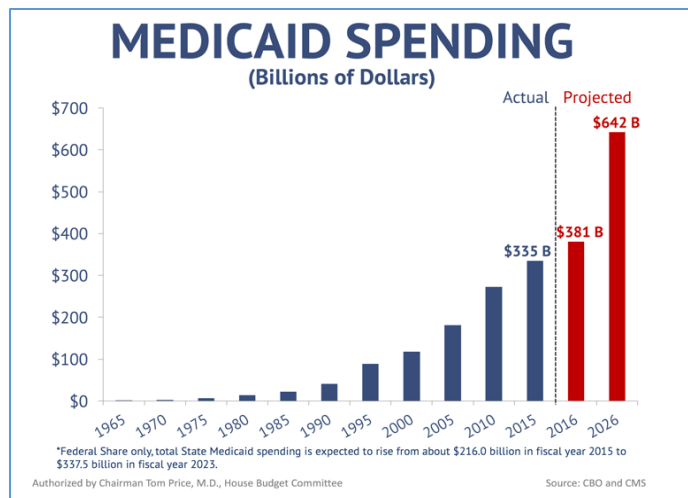
Budget Digest – Week of May 9th

FY 2017 House Budget Resolution: Medicaid State Flexibility

Medicaid and its uncertain future. Medicaid is a crucial component of the American safety net. It provides a fundamental level of health security for low-income Americans, many of whom struggle with long-term illnesses and disabilities. Medicaid is often the only option for people in these difficult circumstances. However, for many Americans on Medicaid, the program is a health insurance plan without the accompanying health care. Constrained by one-size-fits-all directives from Washington, Medicaid suffers from the same challenges that affect Medicare and the newly established health insurance regime under Obamacare – too many people in Washington making health care decisions for patients, families, and their physicians.

Unsustainable spending.

Medicaid turned 50 last year, but its next 50 years are highly uncertain. According to the CBO, Medicaid spending has increased by more than 2,500 percent since 1980. Obamacare made this problem worse by increasing Medicaid and SCHIP spending by more than \$1 trillion over the 2017–2026 period. By 2030, Medicaid, along with Medicare, Social Security, and net interest payments, are projected to consume all federal revenue.



The solution is state flexibility.

The House Budget Resolution calls for transitioning the Medicaid program to State Flexibility Funds that give States the freedom to tailor their individual programs to address the diverse needs of their communities. All States should have the flexibility to adapt their Medicaid programs—to design their benefit packages in a way that best meets the needs of their populations; to promote personal responsibility and healthy behaviors; and to encourage a more holistic approach to care that considers not only Medicaid beneficiaries' health conditions, but also their economic, social, and family concerns. Instead of just adding millions more people to a broken Medicaid system as Obamacare has done, the plan would ease the fiscal burdens imposed on State budgets, contribute to the long-term stabilization of the Federal Government's fiscal path, and preserve and improve the Medicaid program.