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From Texas to D.C., Medicaid Funding Debate Rages

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KEYWORDS: [Health Care Compact Alliance](#), [Texas Public Policy Foundation \(TPPF\)](#), [Arlene Wohlgenuth](#), [Garnet Coleman](#), [Lois Kolkhorst](#), [Health](#), [Health care and Texas](#), [Texas Health and Human Services](#), [Texas Health Insurance](#), [Texas Medicaid](#)



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photo illustration by: Todd Wiseman

If congressional Republicans' proposed solution to cutting health care costs — giving states [block grants to fund Medicaid](#) — sounds familiar, it's because it is. Texas' GOP lawmakers are backing similar proposals to put states in charge of deciding how to insure indigent children, the disabled and the very poor.

While the congressional proposal focuses on Medicaid financing, one Texas proposal, called a health care compact, takes it a step further — turning over not just the purse

strings, but authority for operating Medicaid, to the states. Both are long shots. The Republican congressional proposal needs the unlikely support of the Democrat-controlled U.S. Senate and the Obama administration. The Texas proposal has a good chance at passing here, but it too requires a congressional — and presidential — OK.

Currently, Medicaid is largely financed through a combination of state dollars and federal matching funds. Under the Republican budget proposal laid out in Washington earlier this month, the federal government would give states lump sums instead of matching dollars and far more discretion over how the money is distributed — a move the nonpartisan Congressional Budget Office estimates could save \$180 billion over a decade.

“Block grants are the way to go with Medicaid,” said U.S. Rep. [Bill Flores](#), R-Bryan, who serves on the [House Budget Committee](#). GOP budget writers, he said, talked extensively to state governors, including Texas Gov. [Rick Perry](#), before releasing their plan. “It’s better to let the governance of this program become more localized,” he said.

Brenham Republican Rep. [Lois Kolkhorst's House Bill 13](#), which will be heard in committee on Wednesday, bears close resemblance to the Republican congressional budget plan; it seeks a waiver from Washington to give the state more control over Medicaid spending. Her [HB 5](#) — a health care compact — goes even further. It would, in partnership with other states, ask Washington for control over Medicaid, from its funding to how it's structured and who it covers.

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[Arlene Wohlgenuth](#), executive director of the conservative think tank [Texas Public Policy Foundation](#), said the big difference between block grants and a health care compact is largely philosophical: The block grant is finance reform, while the health care compact is governance reform. “The compact is about who decides about your health care — whether it's sent down by Washington to the states, or sent from the states to the federal government,” she said. “It’s an opportunity for states to write federal law.”

Wohlgenuth said she expects between five and 10 states to pass health care compacts this legislative cycle, and several more to sign on next year. By the summer of 2012, supporters

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hope to ship the compact off to Congress. Wohlgenuth said she thinks the U.S. Senate will

LEO LINBECK III, a Houston banker and vice chairman of the national [Health Care Compact Alliance](#), said it's wrong to suggest the proposals are about booting people off of Medicaid rolls. He argues that they are really about freeing very different states from a top-down, one-size-fits-all program. While he agrees with Coleman that the block grants and health care compact face an uphill battle in Washington, he suggests there's a silver lining.

"They're starting a conversation," he said. "States have got to go up to Washington and say, 'Stop making these decisions for us; we'll make them ourselves.'"

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