



Opportunities for Medicaid Reform

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By: Elias Tsapelas

Last month the voters in Idaho, Nebraska, and Utah [approved ballot initiatives](#) to expand Medicaid, reigniting discussions regarding the prospect for a similar effort in Missouri. When Governor Mike Parson was recently asked in [an interview with St. Louis Public Radio](#) about a potential 2020 ballot initiative to expand Medicaid in our state, he responded “To expand it with somewhat of a failing system now just won’t work.”

The Governor’s statement matches the sentiment of [previous writings](#) by my colleague, Patrick Ishmael. The costs for our state’s Medicaid program [are too high](#) and are continuing to grow. It would fiscally irresponsible to consider adding more people to the program until our policymakers can get a handle on the program’s biggest cost-drivers. Missouri is not alone in the struggle to contain growing health care costs, but that is not a reason to sit idly by as scarce state revenues continue to be diverted from other priorities. With that in mind, our policymakers should consider looking outside Missouri for potential solutions.

Several other states that have declined to expand Medicaid have submitted proposals to the federal government for initiatives that would help contain costs. Two of those proposals, Wisconsin’s and Florida’s, were recently approved and offer policy ideas that could benefit Missouri.

Wisconsin is the first non-expansion state for which a [work requirement proposal](#) was approved.

Researchers at the Show-Me Institute have [written](#) about the potential benefits of work requirements in Missouri. Unfortunately, Missouri’s lawmakers considered but were unable to pass work requirement legislation in 2018. With the federal government indicating new willingness to accept such proposals, perhaps this issue could serve as a starting point for Medicaid cost containment and reform discussions in 2019.

Florida’s [proposal](#) allows the state to reduce its retroactive eligibility requirement for non-pregnant adults from 90 to 30 days. Currently, Medicaid programs cover the medical costs of beneficiaries up to three months *prior* to their application to the program, provided the individual was deemed to have been eligible during that period. And while the existence of that coverage may seem surprising, the reduction of that retroactive window could actually be beneficial to applicant, the idea being that a shorter period of retroactive eligibility incentivizes beneficiaries to apply as soon as possible when they get sick and believe they are eligible. Florida officials also believe the policy will encourage the maintenance of coverage, even when participants are healthy. On top of that, it is estimated the policy change could save up to [\\$98 million annually](#) , though it is unclear at this point how those savings estimates would translate to Missouri.

Both policies have the potential to save the state tax dollars, but neither of them should be expected to fully address the growth in Medicaid costs. Nevertheless, lawmakers shouldn’t let the perfect be the enemy of good. There are certainly [other possible avenues](#) for reform that could help address the “failing system,” but these already-federally-approved initiatives may be the easiest place to start.

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Elias Tsapelas earned his Master of Arts in Economics from the University of Missouri in 2016. His research interests include economic development, health policy, and budget-related issues.

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