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Quick Facts on the Current State of Medicaid

- Reports of Medicaid fraud are on the rise, even as Medicaid-participating doctors become harder to find. If participants can find a doctor, the quality of care they receive 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 for states 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 forces states to 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

- This bill meets the [seven principles](#) for Medicaid reform adopted by 29 Republican governors in June 2011.
- Because states understand the needs of their citizens better than the federal government, they will have sole authority to determine eligibility, benefits, and provider reimbursement rates.
- Based on the model set by the successful welfare reforms of 1996, federal funding for Medicaid and Children's Health Insurance Program (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 compared to current law under ObamaCare (see [chart](#)).
- States will be free to set their own funding at whatever level they choose. The citizens of each state will hold their officials accountable for irresponsible program management.
- 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 lift themselves up the economic ladder.
- Annual, independent audits of states' use of federal funds will be provided to the U.S. Treasury, 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 will be maintained regarding pro-life protections, health care services for illegal aliens, and discrimination based upon disability, sex, race, color, or national origin.

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