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Missouri's Medicaid Problem: How Congressional Handcuffs Have Led to Skyrocketing Enrollment and Exploding Costs

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KEY FINDINGS



MEDICAID ENROLLMENT IS AT AN ALL-TIME HIGH—AND THREATENS TO GET WORSE.



MISSOURI'S MEDICAID PROGRAM HAD RISING ENROLLMENT AND COSTS BEFORE THE PANDEMIC, BUT CONGRESSIONAL HANDCUFFS HAVE MADE THESE ISSUES EVEN WORSE.



THERE ARE CURRENTLY NEARLY 500,000 INELIGIBLE ENROLLEES ON MEDICAID IN MISSOURI.



INELIGIBLE ENROLLEES IN MISSOURI ARE COSTING STATE TAXPAYERS \$112 MILLION EVERY MONTH.

THE BOTTOM LINE:

IF MISSOURI WANTS TO REGAIN CONTROL OF ITS MEDICAID PROGRAM, LAWMAKERS MUST UNLOCK THE CONGRESSIONAL HANDCUFFS.

Overview

Nationwide, the Medicaid program is teetering. A program designed to serve the truly needy—such as pregnant women, low-income children, seniors, and individuals with disabilities—has ballooned over the years.¹ Deviating from its original purpose, the Medicaid program is now an enrollment free-for-all, with able-bodied adults and ineligible enrollees driving the surge.² As of October, Medicaid enrollment sits at an all-time high of 97 million with no signs of slowing down.³ By January 2023, total enrollment could reach as high as 100 million.⁴

Prior to the pandemic, states were already facing uncertainty surrounding their Medicaid programs. As the program has grown, so have the issues plaguing it.⁵ Waste, fraud, and abuse have run rampant in recent years, leading to hundreds of billions of taxpayer funds being spent improperly.⁶



WASTE, FRAUD, AND ABUSE HAVE RUN RAMPANT IN RECENT YEARS, LEADING TO HUNDREDS OF BILLIONS OF TAXPAYER FUNDS BEING SPENT IMPROPERLY.

But congressional actions and President Biden's decision not to let the public health emergency expire have made matters even worse for states.⁷ During the height of the pandemic, Congress handcuffed states, leaving them unable to properly manage their already faltering Medicaid programs.⁸ In exchange for a small increase in Medicaid funding, states were barred from removing anyone—including ineligible enrollees—from Medicaid during the public health emergency.⁹ This has caused Medicaid enrollment and costs to soar even higher.¹⁰

Unfortunately, Missouri's Medicaid program has long-running issues that predate the pandemic and the congressional handcuffs.

Missouri's Medicaid Program Has Been Exploding for Decades

Prior to expanding Medicaid, Missouri had one of the largest Medicaid programs in the country.¹¹ Medicaid accounted for nearly 40 percent of the state's entire budget in 2020—more than any non-expansion state and the third-largest share of expenditures nationwide.¹² Since 2000, Medicaid's share of the budget in Missouri has more than doubled, outpacing all other states by more than 60 percent.¹³⁻¹⁴ And it only gets worse, as Medicaid spending in Missouri has nearly quadrupled over the same time—with total Medicaid spending now reaching more than \$11 billion.¹⁵

MISSOURI'S MEDICAID SPENDING

Medicaid spending in Missouri has nearly quadrupled since 2000.



Source: National Association of State Budget Officers

Missouri's Medicaid woes are not only budgetary, as the state now faces an enrollment crisis. Just over two decades ago, there were 866,076 Missourians enrolled in Medicaid.¹⁶ But today, there are more than 1.4 million enrollees statewide.¹⁷ This growth has been primarily fueled by the enrollment of able-bodied adults after the passage of Medicaid expansion, as nearly 300,000 able-bodied adults have been added to the state's Medicaid program in the past two years alone.¹⁸⁻¹⁹

As a result, more than one in five Missourians are now enrolled in Medicaid.²⁰ Enrollment is larger than the population of the state's seven largest cities—Kansas City, St. Louis, Springfield, Columbia, Independence, Lee's Summit, and O'Fallon—combined.²¹



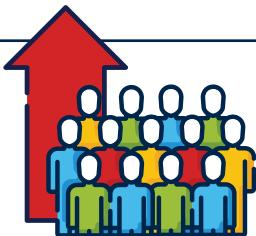
MORE THAN ONE IN FIVE MISSOURIANS ARE NOW ENROLLED IN MEDICAID.

Making matters even worse, congressional handcuffs have led to skyrocketing enrollment of individuals who are ineligible for benefits.

Congressional Handcuffs Drove Enrollment and Costs Even Higher

As part of the Families First Coronavirus Response Act, Congress provided states with a temporary increase in Medicaid funding to help them weather the pandemic.²² But this increased funding came with massive strings attached, as states had to relinquish significant control over their Medicaid programs.²³ As long as the public health emergency continues, states are handcuffed from strengthening eligibility standards or removing ineligible enrollees from the program.²⁴

Unsurprisingly, the Medicaid handcuffs have led to skyrocketing enrollment, driven primarily by enrollees who are ineligible for benefits.²⁵ Today, total program enrollment sits at 97 million and could reach as high as 100 million by January 2023.²⁶ And there are more than 21 million ineligible enrollees nationwide, with these ineligible enrollees coming at a high cost to taxpayers.²⁷ Altogether, state and federal taxpayers are on the hook for \$16 billion per month just to cover the costs of ineligible enrollees—more than the increased federal funding provides.²⁸



TODAY, TOTAL PROGRAM ENROLLMENT SITS AT 97 MILLION AND COULD REACH AS HIGH AS 100 MILLION BY JANUARY 2023.

In Missouri, there are nearly 500,000 ineligible Medicaid enrollees.²⁹ These enrollees do not meet program eligibility requirements but are receiving benefits because the state cannot remove them from the program. Ineligible enrollees in Missouri are costing taxpayers approximately \$400 million per month, with state taxpayers footing \$112 million of the bill—which exceeds the funding bump provided by the federal government.³⁰

While the Medicaid handcuffs remain in place, the situation will only get worse.

THE BOTTOM LINE: If Missouri Wants to Regain Control of Its Medicaid Program, Lawmakers Must Unlock the Congressional Handcuffs.

Missouri's Medicaid program has run rampant for decades. Enrollment has soared, costs have exploded, and Medicaid spending consumes nearly 40 percent of the entire state budget.³¹ Making matters worse, Congress has handcuffed the state, making it impossible to strengthen program integrity measures or remove ineligible enrollees.

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Fortunately, there is a simple solution. Missouri lawmakers should opt out of the handcuffs by declining the extra federal funding, allowing the state to remove ineligible enrollees from the program. The Medicaid program was designed to serve the truly needy, but due to the handcuffs, able-bodied adults and ineligible enrollees have pushed the truly needy to the back of the line.

If Missouri wants to regain control of its Medicaid program and reprioritize the people the program was intended for, the first step is to remove the handcuffs that are making long-running problems even worse.

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