



## Medicaid Per Capita Allotments and Block Grants

Per capita allotments and block grants are designed to provide states with additional flexibility to administer their Medicaid programs. These proposals would also limit federal spending commitments, thus making that spending more predictable to the federal government. Depending on how they are structured and the relative success of states in reducing Medicaid cost growth, per capita allotments and block grants could shift a greater share of future cost growth away from the federal government and onto state budgets.

Per Capita Allotments	Block Grants
<p>The federal government pays the state a fixed amount per enrollee.</p> <p>While mechanisms for setting this amount vary across proposals, there would likely be different fixed amounts for each category of enrollees (children, seniors, people with disabilities, and other adults).</p> <p>The fixed amount is adjusted annually for general inflation, minus federal savings.</p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>• Allows flexibility for changes in enrollment numbers while increasing federal budget predictability.</li> <li>• Could give states more discretion over administrative requirements, ways to deliver health care, cost-sharing levels, and covered eligibility categories and medical services.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>• Does not account for changes in the costs per enrollee beyond the growth limit.</li> <li>• State would have to absorb the cost of any medical expenses incurred above the fixed amount.</li> </ul>	<p>The federal government pays the state a set amount annually for their entire covered population.</p> <p>While mechanisms for setting the amount vary across proposals, they would likely be based on past expenditures.</p> <p>The amount would be annually adjusted for general inflation and population growth, minus federal savings.</p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>• Provides most predictability for federal budget.</li> <li>• Could give states more discretion over administrative requirements, ways to deliver health care, cost-sharing levels, and covered eligibility categories and medical services.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>• Amount does not change based on the number of enrollees.</li> <li>• State would have to absorb the cost of any medical expenses incurred above the fixed amount.</li> <li>• For states to manage their Medicaid programs with a fixed amount of federal funding, the entitlement to coverage would likely need to be eliminated, and federal rules regarding eligibility, coverage, and payment would need to be substantially restructured.</li> </ul>