

The Insufficiency Of Medicaid Block Grants: The Example Of Puerto Rico

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OCTOBER 12, 2017 [10.1377/HBLOG20171022.984682](#)



Medicaid block grants have been a centerpiece of Republican health proposals for more than a decade. Proponents, including House Speaker Paul Ryan (R-WI), argue that giving states a fixed amount of money through a block grant or per-person limit with few strings attached gets Washington out of the way and allows for state innovation. Although the most recent block grant legislation did not reach the Senate floor, proponents have promised to continue to push for it.

But one need look no further than the growing health crisis in Puerto Rico to understand why capped federal money and state flexibility will not solve serious health care issues.

Puerto Rico Has Been A Laboratory For Block Grants

Unlike states, Puerto Rico's federal Medicaid funding is provided through a lump sum of federal funds: a block grant. Over the years, this approach has proven insufficient to address the island's significant health needs. Even before Hurricanes Maria and Irma, Puerto Rico faced significantly higher rates of chronic diseases such as coronary heart disease and asthma, as well as higher rates of premature births and infant mortality, compared to rates in the mainland United States. The supply of available providers, particularly for specialist services, is below average.

Access to treatment that meets the standards of care generally lags national averages. And to get care, Puerto Rico residents must wait significantly longer and travel further than their peers in the mainland United States. The average emergency department wait time, for example, is 13 hours, far above the US national average of 4.5 hours. Moreover, access to care was likely to become more difficult even before the hurricanes hit. [Doctors have been leaving Puerto Rico](#) for the US mainland: In 2015 alone, approximately 500 physicians left.

The impact of recent devastating storms shines a spotlight on the insufficiency of Congress' Medicaid block grant to Puerto Rico.

We speak from experience. In 2016, we worked at the Department of Health and Human Services (HHS), where we tried to help the Commonwealth address the urgent threat caused by the Zika virus. Throughout the year, we and other local and federal officials nervously tracked the spread of the disease. But as Zika spread to more mothers, and babies continued to be born with microcephaly, Puerto Rico's fiscal crisis grew and the territory came dangerously close to hitting its cap on federal Medicaid funding and cutting people off of coverage.

The island's Medicaid program struggled to keep up even with its pre-Zika health care needs. Medicaid and the Children's Health Insurance Program support health care for more than 1.5 million US citizens, about half of Puerto Rico's population. Puerto Rican government officials were not able, as block grant advocates hope, to stay home and manage within their block grant of federal dollars to meet their residents' health needs, particularly in the face of Zika. In fact, they flew back and forth to Washington frequently to meet with HHS to seek help in managing a growing crisis.

We wanted to help, but the block grant left us with few options. We considered many different possibilities to little avail. Adding funding to the block grant was a legal non-starter---it required an act of Congress. "State flexibility" was not the panacea that block grant advocates describe it as. Puerto Rico had extensive flexibility: It does not cover all of the populations or services, including nursing home care, that the federal government requires state Medicaid programs to provide. The considerable flexibility under a block

grant was of little help in addressing Zika nor is it likely to help the Commonwealth address its current recovery needs.

Ultimately, Congress provided additional Medicaid funding for Puerto Rico to address Zika. But that funding was primarily for prevention and not for any longer-term needs arising from the progression of the disease. And the underlying challenges facing Puerto Rico's health system remained after Congress' omnibus funding bill in May 2017 [provided \\$260 million to keep Puerto Rico's Medicaid running](#).

The needs in Puerto Rico are significantly more dire today, and once again they will require Congress to act. The House of Representatives has begun to consider legislation to provide Puerto Rico with additional Medicaid funds. Action is needed, but occasional Congressional additions to the block grant have never been enough to overcome the health and infrastructure challenges associated with long-term underinvestment in services or Puerto Rico's recent economic decline. It needs the stabilization provided by Medicaid matching payments, which incentivize state investment and increase when economic conditions worsen.

Responding To Urgent Needs: The Contrast Between Puerto Rico And Other Jurisdictions Without Block Grants

Treating the health needs of people displaced by the storm and keeping chronically ill people alive in a health system that is seriously damaged and in many places operating without power is an obvious and immense challenge. Hospitals and clinics will need to rebuild. Were it not for the block grant, the Medicaid program could help cover those expenses. But in Puerto Rico, every dollar spent re-activating a surgery ward or buying a generator comes at a cost of money for prescription drugs or doctor visits. Americans living in Puerto Rico are unfortunately likely to find their health system further degraded from its already difficult condition.

Contrast the situation in Puerto Rico with the federal response to the lead exposure crisis in Flint, Michigan. There, HHS speedily approved an approach to expand Medicaid coverage, which allowed lead screening and health care services to reach all affected children. Or, compare a static block grant to the George W. Bush administration's approval of Medicaid-related disaster relief after the terrorist attacks of September 11, 2001. The financing structure of Medicaid in these states underpinned those responses.

Block grant proponents want to eliminate that financing structure, but solutions that seem too simple usually are.

Look beyond the immediacy of hurricane recovery to see what lies ahead for states and territories: public health threats, a rapidly aging population, increasing rates of disability, and escalating costs of prescription drugs. These are some of the real challenges facing the nation, and they deserve serious solutions. Block grants are no match for the complexity of health care in Puerto Rico, its sister territories, or in the 50 states and the District of Columbia.