



## How To Get \$880 Billion in Savings from Medicaid Without Cutting Any Actual Benefits

by John C. Goodman

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Because the payment rates are so low, many doctors don't see Medicaid patients. Among those who do, the Medicaid patient is the last patient they want to see. This is one reason why newly enrolled Medicaid patients *increase their visits to the emergency room by 40 percent*.

Parkland Hospital in Dallas (the city's safety net hospital) tells the public online that the average in-and-out time in their ER is almost 6 hours. And since Medicaid patients tend to be hourly employees, they lose a day's pay.

Of the following potential reforms, the first three would give Medicaid enrollees access to the same kind of care middle-income patients receive and *save several hundred billion dollars in the process*.

### 1. Let people buy health care the way they buy food with food stamps.

If they go to a community health center or an ER, they pay Medicaid rates. But if they go to a MinuteClinic or a free-standing ER or any private practice doctor, they can add to the Medicaid rate with cash and pay the market price. This gives them access to the same type of care that is now only available to other patients. This practice is currently illegal.

### 2. Let them have a Roth HSA.

Medicaid managed-care insurers should be able to make deposits to health savings accounts (HSAs), which can be designated for numerous purposes, including purchasing all primary care. Any money not spent can be withdrawn by the consumer for other purposes without taxes or penalties. This arrangement would be voluntary. It would be an opportunity, not a requirement.

### 3. Give them access to direct primary care.

This is 24/7 access along with a doctor's phone number. Medicaid could supply the funds or let enrollees make monthly payments from their Roth HSA. In all cases, they should be able to pay the market price, so that doctors will compete for their business. (Cost in Wichita: \$50 a month for a mother and \$10 for a child.)

### 4. Require states to follow GAO recommendations on eliminating fraud.

Over the past decade, CMS has made *over \$1 trillion in improper payments* – the wrong payment to the wrong person or entity, for the wrong amount or the wrong reason. *Many GAO recommendations* have still not been implemented. One reform: *more frequent eligibility determinations*.

*Medicaid reforms could give Medicaid enrollees access to the same kind of care middle-income patients receive and save billions of dollars.*



## 5. Stop states from laundering federal Medicaid dollars by taxing insurers and then getting federal matching funds for the tax.

California taxes insurers, gets a 60% match from the federal government for the tax, and then spends the money on medical expansion, including medical care for illegal aliens.

## 6. Stop states from laundering federal Medicaid dollars by taxing providers, then getting federal matching funds for the tax.

As the *Wall Street Journal* explains, this is mainly money laundering. If the practice were ended, the Congressional Budget Office predicts ten-year savings would be more than \$600 billion.

## 7. Stop overspending on able-bodied adults at the expense of children.

In expansion states, the federal government is paying 90% of the cost of able-bodied adults, but an average of 60% for everyone else. Children appear to be the victims of these distorted incentives. Especially disabled children.

*Stopping states from laundering Medicaid dollars, overspending on adults at the expense of children, and subsidizing long-term care for the wealthy are just a few of the reforms that can save billions of Medicaid dollars.*

## 8. Stop subsidizing long-term care for the wealthy.

California has abolished the asset test for Medicaid long-term care. As a result, federal taxpayers are subsidizing care for wealthy Californians.

## 9. Stop duplicate payments for patients who move from state to state.

Medicaid spent \$4.3 billion over three years

paying insurers for the same patient twice.

## 10. Implement a work requirement.

Fewer than half of Medicaid recipients work enough to comply with a work requirement today. When people work, they earn incomes that make them eligible for other insurance and reduce their need for Medicaid.

## 11. Require states to liberalize their medical practice statutes as a condition for participation in Medicaid.

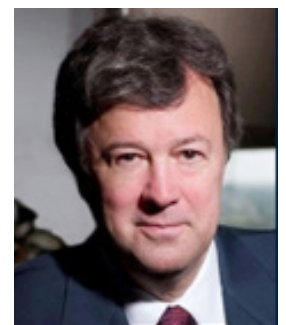
If nurses could practice to the top of their training, they would provide more care and inexpensive care. The same is true for foreign-trained physicians.

## 12. An optional Medicaid block grant.

State governments should have the option of receiving 90% of their federal Medicaid dollars in the form of a block grant – saving federal taxpayers the other 10%. With their share, the states could do some of the things already discussed. They could create Roth HSAs outside the federal

tax system. They could make deposits to these accounts and let enrollees pay market prices for their care.

Conclusion: it is possible to save billions of dollars of taxpayer money and improve the program for beneficiaries at the same time.



John C. Goodman, Ph.D., is President of the Goodman Institute.



6335 W Northwest Hwy - #2111 • Dallas, TX 75225 • email: info@goodmaninstitute.org • +1 214 302.0406

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