

# States’ Medicaid-directed payments targeted for potential cuts

BY JESSIE HELLMANN  
CQ-Roll Call/The Tribune  
Content Agency

House Republicans are considering upending the way some states fund their Medicaid programs as they scour for ways to find billions of dollars in savings from the health program.

They are looking at states’ practice of taxing health care providers, which allows the states to leverage more Medicaid funding from the federal government. Supporters say that helps states increase rates for underpaid health care providers, but critics say it is akin to legal “money laundering.”

States can use these taxes to pay for their share of Medicaid spending, which the federal government then matches. But critics say the state’s share should come from their general funds, not from health care providers, who ultimately benefit from higher Medicaid spending.

The discussions about the state-directed payments are part of efforts to find up to \$880 billion in Medicaid savings to pay for an extension of President Donald Trump’s tax cuts, border security and other priorities.



GREG NASH Pool file/Getty Images/TNS

Rep. Brett Guthrie, R-Ky., said in an interview that a “number” of Republicans believe the current system allows states to draw down more Medicaid money by taxing health care providers doesn’t encourage efficiency.

“We’re having discussions on provider taxes,” Energy and Commerce Chairman Brett Guthrie, R-Ky., said in a brief interview, adding that a “number” of Republicans believe the system allows states to draw down more Medicaid money but doesn’t encourage efficiency.

“With provider taxes, it’s not really competing with everything else in the state general fund, and so we’re trying to figure out ways that we can make states more efficient with the money,” Guthrie said.

Medicaid, the \$900 billion program that pays for health care for low-

income children, adults and people with disabilities, is jointly funded by the states and the federal government. Any change in the federal share of spending would likely shift costs to states, which would then have to make hard decisions about what to cut or how to find additional money to fund their programs.

The directed payments have become a major way states increase payments to providers. Medicaid managed care plans are directed to increase payments to certain providers, typically with the goal of increasing access to care for beneficiaries.

Many states tax providers to finance their share of these payments, which the federal government matches at a certain rate.

It’s a completely legal arrangement, but one that needs more transparency, according to the Medicaid and CHIP Payment and Access Commission, or MACPAC, which advises Congress on policy.

And it has become a target for Republicans seeking ways to cut Medicaid, though the financing arrangements have been questioned by Democrats in the past as well.

## ‘EGREGIOUS AND GROWING’

Critics of this arrangement question whether it is fair for states to use provider taxes to leverage more money from the federal government because providers can eventually get that money back through the increased payments.

“There is strong policy reasons to reduce money laundering in the program,” said Brian Blase, president of Paragon Health Institute, an influential think tank among Republicans in the White House and Congress. “I feel like the problem is egregious and growing, and states are shifting all

the costs to the federal government.”

Health officials and state leaders have defended the practice, particularly in states that haven’t expanded Medicaid under the 2010 health care law, arguing that Medicaid programs often underpay providers.

“What’s important in Wisconsin is that all of our provider taxes are connected to a policy goal and a policy outcome we are trying to drive,” said Wisconsin Medicaid Director Bill Hanna, adding that the payments are intended to incentivize providers to take Medicaid patients. “The more Medicaid patients a hospital sees, the more of that sort of tax that they would get back, or above what they pay out. Whereas hospitals that don’t see many Medicaid patients ultimately do not sort of get all of their tax back. That was very intentional.”

A state can tax providers to finance their share of these payments, but only up to 6% of a provider’s net patient revenues - the so-called safe harbor rate.

According to a lobbyist familiar with discussions, Republicans are considering dropping that percentage to 5%, which the Congressional Budget Office estimates would save the federal government about \$48 billion over 10 years.

The ultimate decision depends on whether Republicans can reach an

agreement on other Medicaid savings. They are also considering Medicaid work requirements, more frequent eligibility checks, and reducing the federal share of spending for the expansion population.

“If you do the work requirements and eligibility requirements, states are going to save money too, and so we’ve to figure out what states save money,” Guthrie said.

But lowering the safe harbor rate wouldn’t be without controversy. State hospital associations have quietly lobbied their congressional delegations, warning about potential cuts, especially in states that have not expanded Medicaid.

“There are major political obstacles. States and providers like all the money coming into them,” Blase said.

Hospitals have been among the groups lobbying hard against changing the ability of states to use provider taxes to fund state-directed payments, particularly in states that haven’t expanded Medicaid.

“Without these payments, hospitals in our states would immediately reduce services and close locations, jeopardizing health care access for millions of patients,” several hospital associations, including those in Texas, Florida and Georgia, said in February in a letter to Trump. None of those states expanded Medicaid.

# Vietnam veterans worry war’s lessons are being forgotten

BY DAVE PHILIPPS  
NYT News Service

A scratchy prerecorded message crackled over American Armed Forces radio in Saigon 50 years ago, repeating that the temperature was “105 degrees and rising,” and then playing a 30-second excerpt from the song “White Christmas.”

It was a secret signal to begin emergency evacuation. After about 15 years of fighting, \$140 billion in military spending and 58,220 American lives lost, the last American foothold in Saigon was falling. The Vietnam War was ending. Or was it?

As the United States marks a half-century since that chaotic day in April 1975, veterans say the war continues to reverberate through American culture and politics, as well as their own lives. And the experience still holds pressing lessons, they add -- lessons the nation seems not to have learned.

American newspapers printed images of the fall of Saigon that are still

burned in the nation’s memory: crowds clambering to the rooftop of the U.S. Embassy to try to get on the last helicopters out.

“We witnessed the city dying there right in front of us,” recalled Douglas Potratz, a Marine veteran who was there. “So many people had died in Vietnam, and it was all gone.”

He was a 21-year-old sergeant in the embassy guard unit. After helping hundreds of people flee, he left with other Marines on the second-to-last flight out. “A lot of us cried,” he said this week about watching the city recede from the helicopter. “But a lot were too tired to do anything at all.”

Potratz, 71, said the Marine guards hold a reunion every five years, and he has seen how the war stayed with them long after they got home. Some have been dogged by anger, depression, drinking and regret. Six have died by suicide, he said.

“There was so much trauma,” he said. “A lot of us didn’t realize we needed to deal with it until 20 or 30 years later.” If they

had, he said, “we could have saved a lot of marriages and a lot of livers.”

In the same way, the Vietnam War became a stubborn wound in American life.

The U.S. military, the most advanced in the world, had gotten heavily involved in the civil war in Vietnam in the early 1960s, believing that victory over Communist insurgents would come swiftly. “Our machine was devastating. And versatile,” war correspondent Michael Herr wrote in “Dispatches,” his 1977 memoir. “It could do everything but stop.”

By the time Potratz arrived in Saigon, the war had devolved into a deadly grind. The United States had signed a peace deal and withdrawn nearly all its troops, but was still spending heavily to equip the South Vietnamese army, which few of the young Marine guards imagined would suddenly collapse.

“We thought it was impossible, but before long, there were North Vietnamese jets strafing Saigon and tanks attacking

the airfield,” Potratz said.

Panicking Americans and their Vietnamese allies flooded the embassy compound. The Marines let as many as they could through the gates, frisking them for weapons and throwing what they found into the embassy pool, and then loaded people onto helicopters that took off about every 10 minutes, bound for U.S. Navy ships offshore.

The airlift lasted nearly 24 hours, but barely dented the throngs hoping for escape. Eventually, the exhausted Marines fell back to the main embassy building, barricaded the doors, jammed the elevators, burned the last armloads of the embassy’s classified documents in barrels on the roof, and waited to escape.

By dawn on April 30, leaders from the U.S. military and State Department -- who had run the war for years -- had all gotten out. It was just a few young Marines left, watching smoke rise over the city as Vietnamese civilians frantically tried to ram their way through the embassy wall with a fire truck.

“We waited hours, and we honestly thought we had been forgotten,” Potratz said.

## PEOPLE

### Gerry Turner says marriage isn’t ‘off the table’

Us Weekly

Former Golden Bachelor **Gerry Turner** is not saying no to the idea of marriage with new girlfriend **Lana Sutton**.

Turner, 73, told *People* on Wednesday that he doesn’t know “that either of us necessarily would be looking to get married, but we’ve also said that’s not off the table.”

The pair have both been married twice, with Turner previously tying the knot with late wife Toni and saying “I do” with **Theresa Nist** after getting engaged on “The Golden Bachelor” Season 1. Turner, who began dating Sutton in March, shared that a

“serious discussion” about exchanging vows is “down the road a bit.”

“But I do think we’ve both come to the comfortable agreement that we both want a long-term committed permanent relationship, and I think we’re both feeling like we’re there, that we’re in that now,” he said. “It’s kind of two different things, but they are closely related.”

Turner, who shared in 2024 that he was diagnosed with an incurable cancer, says Sutton has been supportive through his health journey.

“I started to talk about it and she goes, ‘Gerry, I know what the cancer is you have. I’ve researched it and I’m fine with that, so don’t worry about that one bit,’” Turner told the outlet. “And it’s like, ‘Oh my God, this is a person that’s really, before even meeting me, is invested.’”

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