

Partnership for Medicaid Partnership for Medicaid

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Academy of
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*American
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*Association of
Clinicians for the
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*Association for
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Affiliated Plans*

*American Dental
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*American Health
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*National
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*National
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*National Hispanic
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*National Rural
Health
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CORE PRINCIPLES

The Medicaid program plays a vital role in financing necessary health care services for more than 51 million beneficiaries. Unfortunately, rising healthcare costs and increased numbers of uninsured, coupled with a federal deficit of more than \$400 billion and pressures to increase spending on other federal responsibilities, are driving legislative and political attention both at the federal and state levels to consider systemic changes to Medicaid that could dramatically alter the fundamental goals and structure of the program.

Medicaid is too important to fail. No matter what shape reform takes, participants in the **Partnership for Medicaid** urge policy makers – at all levels and working in a bipartisan manner – to protect the public's health and assure that Medicaid continues its crucial role as a safety net for vulnerable populations, even as it produces real savings in health and prevention. Thus, as lawmakers consider ways to reform Medicaid, the **Partnership** is united behind the following core set of principles:

Preserve the Federal Guarantee of Medicaid Coverage, Services and Consumer Protections

Federal law establishes certain minimal protections for Medicaid beneficiaries. Beneficiaries are provided a minimum set of benefits to ensure access to medically necessary services. For children, the early and periodic screening, diagnosis and treatment benefit guarantees access to preventive services necessary for healthy development. Cost-sharing that would make Medicaid unaffordable to the low-income beneficiaries is prohibited. Moreover, cost sharing must be income sensitive and should neither deter enrollment nor diminish timely access to appropriate care. These statutory provisions must be maintained in Federal law.

The **Partnership** believes that reform efforts should not eliminate current federal coverage guarantees, nor should they result in reducing or eliminating coverage for currently eligible individuals and that individual and provider protections, including a private right of action to enforce those protections, should be maintained, and access to culturally appropriate care should be promoted.

Preserve the Federal Financing Role in Medicaid

We urge lawmakers to reject proposals to replace the current financing of Medicaid with an upper limit or cap on federal spending for Medicaid. Such caps have historically not kept pace with the costs of care for enrolled populations, shifting the risk of underfunding onto states, counties, providers, and beneficiaries. Any such cap or limit would likely result in an arbitrary cut-off of benefits for otherwise eligible individuals and eliminate the program's assurance of coverage.

Instead, the **Partnership** believes that the Congress should update the matching formula to more adequately account for Medicaid's counter-cyclical nature. During economic downturns, increased unemployment, public health emergencies, or other unexpected events (such as a hurricane or terrorist attack), more people rely on Medicaid. Yet under the program's financing mechanism, Medicaid is most vulnerable to funding shortfalls when circumstances create the greatest need. Federal matching funds also should provide an incentive to states to increase health coverage and services above federal minimums, and the Federal government should share the burden of these costs with the states and local governments.

Assure Adequate Provider Participation

During recent state budget shortfalls, provider rates in nearly every state were lowered or scheduled increases deferred. As Medicaid reimbursement rates decline and medical costs rise, many providers are forced to see fewer Medicaid patients or to absorb financial losses. To ensure appropriate access to care for beneficiaries, the program should provide fair and adequate compensation to providers for each class/type of care in the most appropriate setting, including the cost of providing culturally appropriate services.

The **Partnership** believes that any use of 'medical necessity' criteria must never restrict care that meets professional standards of practice and is clinically appropriate.

Use the Medicaid Waiver Process to Foster Improvements and Innovation, Not to Eliminate Federal Protections or Reduce Benefits

Medicaid and State Children's Health Insurance Program (SCHIP) waivers were created as a way to help States try innovative approaches to delivering or financing health care services for their most vulnerable populations. But waivers have sometimes been used to limit benefits, increase cost sharing, and cap enrollment.

The **Partnership** believes that Medicaid waivers should be approved *only* if they "promote the objectives of" Medicaid or SCHIP, and do not erode the program's ability to provide comprehensive services to all eligible beneficiaries.

Improve the Integrity of Medicaid

Appropriate approaches should be developed to ensure that the financing of the Medicaid program is sound. It is critical that such approaches not threaten care for beneficiaries in the program nor undermine the existing federal/state/local matching structure.

Recognize the Interdependence of Medicaid and the Public Health System

Medicaid plays a critical role in supporting vital public health services – notably in the areas of disease prevention, detection and management. This vital interdependence between Medicaid and public health is essential to removing barriers to care, reducing costs, and improving the continuity of care and health outcomes for Medicaid beneficiaries.

Policies must be developed that recognize this interdependence and promote linkages among primary, acute and long-term care services. Support for identified safety net providers (those who care for disproportionately high numbers of Medicaid and uninsured individuals) must be continued.

Work in a Bipartisan Manner to Address the Issue of Reforming Medicaid

To the extent that reform of Medicaid is necessary, effective and successful reform efforts will require bipartisan action by lawmakers at all levels. Finding solutions to the challenges facing the Medicaid program can be daunting, but lawmakers must strive to forge a bipartisan consensus that aims to strengthen Medicaid's long-term financial status and ensure that Medicaid benefits and services remain a reality for low-income individuals in the future.

Medicaid's success should be judged by its ability to provide the populations it covers with access to appropriate, quality health care. Accountability and performance measures should be added to the program and reviewed federally. To the extent that reforms result in program savings, those savings should be re-invested to extend coverage to more low-income people who cannot find affordable coverage elsewhere. Federal matching funds should also provide incentives to states to increase coverage above federal minimums, and the Federal government should share the burden of these costs with the states and local governments.

We all see the potential of health information technology to monitor patient health, facilitate the use of scientifically-supported best practices, and regularly review the relationship between service use and health status. We all agree that everyone who is eligible for Medicaid should enroll and receive the preventive care that may forgo greater costs down the line. And most of all, we all agree that Medicaid is too important to fail.