

# Partnership for Medicaid Partnership for Medicaid

September 18, 2009

The Honorable Max Baucus  
United States Senate  
511 Hart Senate Office Bldg.  
Washington, D.C. 20510

Dear Senator Baucus:

On behalf of the Partnership for Medicaid, a coalition of 20 organizations devoted to supporting Medicaid and CHIP, we want to praise your hard work in moving the Finance Committee towards a comprehensive health care reform measure. The Chairman's Mark of "America's Healthy Future Act of 2009" outlines your commitment to getting health reform passed this year, and we are supportive of your efforts.

The Partnership for Medicaid wants to offer the following comments regarding the Chairman's Mark of "America's Healthy Future Act of 2009":

The Finance Committee package takes great strides toward expanding coverage. However, CBO estimates suggest that there will still be 25 million uninsured under the plan. In addition, Medicaid DSH plays a key role in filling shortfalls resulting from payments that do not cover the cost of care. As such, it is critical to ensure that there are healthcare access points for these individuals. Appropriate funding of safety net health systems via Medicaid and Medicare Disproportionate Share Hospital funding (DSH) is critical and we look forward to working with you toward a rationale and reasonable methodology which protects patient access to care. The Finance Committee also takes great strides to stimulate delivery system reforms. To ensure that Medicaid and vulnerable patients benefit from delivery system reforms in the same way Medicare patients will, we suggest expanding the Payment Innovation Center and Accountable Care Organizations to include Medicaid providers.

We are hoping that the Finance Committee would follow the consensus of the other four congressional committees and seriously consider adding to the contents of the standard package of benefits two new categories, "rehabilitation and habilitation therapies" as well as "durable medical equipment, prosthetics, orthotics, and supplies" (DMEPOS). These are not specific benefits designed for a small group of enrollees. They are categories of benefits that essentially comprise the primary health care services needed by people with disabilities and chronic conditions.

Providers of health and other services under Medicaid feel financial pressures that are often more severe than Medicare providers, especially during challenging economic periods. The Finance Committee recognized this reality in its second Options paper, which stated on page 16 that payments to all providers could be set to avoid falling below a given percent of Medicare reimbursement rates "for the same or similar services." Surveys show that for physician services, Medicaid pays at 72 percent of Medicare for providing the same service. Large state variation makes Medicaid payment deficiencies lead to spotty access for populations based on the lottery of geography. The organizations of the Partnership for Medicaid share a justified concern regarding whether providers will be willing to take new Medicaid

patients in a reformed system without increased Medicaid payment. The Center for Studying Health System Change's most recent survey reports that only 53% of all providers are willing to see new Medicaid patients. Adding new populations without Medicaid payment reform may further limit providers' ability to provide services to new and more traditional Medicaid populations

We appreciate the committee's commitment to making health reform work for children by requiring that children up to 250 percent of the federal poverty level receive health care coverage, medically necessary benefits (EPSDT) and cost sharing protections equal to the current CHIP program under the Chairman's Mark. Without this provision, many children would lose coverage and benefits under health reform. The movement away from a capped CHIP program and the enhancement of the benefits for existing CHIP enrollees are also positive changes for children. To the extent that states may use a coverage "wrap" rather than a direct contract with participating exchange health plans to provide for any additional required coverage, we ask that the necessary mechanisms are included to ensure proper coordination between the wrap and the exchange and a clear and simple process for families and providers to access wrap benefits when a child needs them.

According to a May 2009 report by the Kaiser Commission on Medicaid and the Uninsured, uninsured Americans with incomes below 200% of poverty have high rates of chronic disease and disability. For example, more than in four low uninsured income adults (27%) report a chronic physical condition, such as hypertension, diabetes, or heart disease. One in five (20%) report a mental illness, such as clinical depression, bipolar disorder, autism, dementia, schizophrenia or psychosis. While the Partnership for Medicaid strongly supports provisions in the Chairman's mark that provide Medicaid eligibility for all low income Americans living at or below 133% of poverty – a truly historic advance in health policy -- we are also concerned that a standard benefit package limited by Sec. 1937 would be insufficient to meet the clinical needs of that same patient population. Specifically, the average actuarial value of Sec. 1937 benefit plans would not be adequate to finance the intensive outpatient, inpatient and care coordination services typically required by patients living with major chronic diseases coverage. Ultimately, this reality likely translates into continued heavy utilization of emergency medical facilities even though these low income persons have health insurance coverage. Given the need to contain costs in the Chairman's mark, the undersigned organizations urge the Finance Committee to revisit this issue.

Our hope is that the committee takes these comments as constructive to ensuring that we have the best health reform measure possible. We stand ready to assist you in ensuring that health reform becomes reality this year.

Sincerely,

American Academy of Pediatrics  
American College of Obstetricians and Gynecologists  
Association of Clinicians for the Underserved  
Association of Community Affiliated Plans  
Easter Seals  
Medicaid Health Plans of America  
National Association of Children's Hospitals  
National Association of Counties  
National Association of Public Hospitals  
National Council for Community Behavioral Healthcare  
National Medical Association  
National Rural Health Association