Medicaid and CHIP: On the Road to Reform

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Our Mission

- CMS aims to be a major force and a trustworthy partner for the improvement of health and health care for all Americans
- CMCS carries this mission forward with a particular emphasis on making Medicaid and CHIP the best programs they can be
- Beneficiaries are our focus
- Partnerships are critical to success
# Implementing the Affordable Care Act

- Working with States (Governor’s offices, Medicaid, CHIP, Insurance Commissioners)
- Coordinating with the Center for Consumer Information and Insurance Oversight (CCIIO) and other federal agencies
- Sharing ideas about what reform means with a broad array of stakeholders
- Promulgating regulations and guidance; providing technical assistance

## Affordable Care Act Guidance to Date

- Early Option for Low-income Adults
- Medicaid Drug Rebates
- National Correct Coding Initiative
- Family Planning
- Waiver Transparency
- Health Homes
- Medicaid IT Support
- HCBS Improvements
- Extending Period for Returning Provider Overpayments
- Money Follows the Person extension
- Hospice Care for Children
- Recovery Audit Contractors
- Adult Quality Measures
Sources of Coverage by 2019 for Individuals Under 65

Minimum Medicaid Eligibility Levels Now and 2014

<table>
<thead>
<tr>
<th>Population</th>
<th>Current Minimum Eligibility Levels (average)</th>
<th>2014 Minimum Eligibility Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>100%/133% (241%)</td>
<td>241%</td>
</tr>
<tr>
<td>Parents</td>
<td>41% (64%)</td>
<td>133%</td>
</tr>
<tr>
<td>Disabled Adults</td>
<td>74% (SSI-related)</td>
<td>133%</td>
</tr>
<tr>
<td>Other Adults</td>
<td>0%*</td>
<td>133%</td>
</tr>
</tbody>
</table>

* 5 States provide Medicaid or Medicaid look-alike coverage to certain childless adults; 15 States provide a limited benefit package to certain childless adults.
Who Pays?

(in billions)

- Federal - $443.5
- State - $21.1

Total $464.7 billion

Source: Congressional Budget Office and Medicaid Coverage and Spending in Health Reform, John Holahan and Irene Headen/Axiel Commission, May 26, 2010

Return on Investment

- State/Local Expenditures = +1%
- Federal Funds to States = +20%
- Number of People Covered = +33%

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group (September 2010)
New Paradigm

- Not a safety net but a full partner in assuring coverage for all
- A culture of coverage where eligible = enrolled
- A system of coverage and care

2014 Health Insurance Subsidies

- Exchange Subsidies
- Medicaid/CHIP
  - Children
  - Adults
- Varies by State

FPL: Federal Poverty Level
IT Guidance and Development

- Joint CMS/OCIIO IT guidance
  - Version “1.0”
- OCIIO Early Innovator grants
- CMS “90/10” NPRM

Seamless Coordination and No Wrong Door

- Exchange determines eligibility for Medicaid/CHIP/premium tax credit; other avenues open as well.
- IT Guidance:
  - “...Seamless coordination between the Medicaid and CHIP programs and the Exchanges and between the Exchanges and plans, employers, and navigators.”
  - “First-class customer experience”
  - “The same customer experience to all individuals seeking coverage, regardless of source or amount of subsidy for which they may qualify or whether they enter the process through the Exchange, Medicaid, or CHIP”
  - “Real time” enrollment
  - “Collaborative IT Development Approach”
Collaboration with States is Essential

Federal Actions
- Systems Support
- Eligibility Rules
- Benefit Designs
- FMAP Rules
- Basic Option
- Data Performance Standards

State Actions
- Exchange/Medicaid Org Structure
- Adopt New Laws/Budgets
- System Changes
- New Rules/Forms
- Provider Networks/Contracts
- Staffing Training
- Enrollment ...

State Revenue Rising But Still Below Pre-Recession Levels

General Fund Revenue: FY 2007 – 2011 (in billions)

- FY 2007: $655
- FY 2008: $680
- FY 2009: $626
- FY 2010: $610
- FY 2011*: $636

* FY 2007 and 2009 are actual. FY 2010 is preliminary actual and FY 2011 is enacted.

Source: Fall 2010 Fiscal Survey of States
NASBO - December 2010
Coverage: Pathway to Better Care, Better Health, Lower Costs

Population Health

Experience Of Care

Per Capita Cost

Concentration of Medicaid Spending

Percentile of Medicaid Population (Ranked by Spending)

Percent of Total Medicaid Spending

Source: Medicaid Statistical Information System Claims Data for FY 2008
**Medicaid Spending**

- Reducing average cost of care by 10% for top 5% of health care users could save $15.7 billion (State/Federal)
- For comparison, Medicaid (State/Federal) spending on the entire pharmacy program totals approximately $20 billion

**Quality, Access and Costs: New Tools**

- Accountable Care Organizations
- Medical and health homes-90% Match
- Bundled payments to integrate care
- Global payment demonstrations
- Primary care provider increase (2013)
- No payment for HACs
- Dual eligible initiatives
Focus on Dual Eligibles

Duals as Share of Medicaid Spending

- Dual Eligibles: 61%
- Non-Duals: 39%

Total Spending = $311 billion

Medicaid Spending by Population Group

<table>
<thead>
<tr>
<th>Population Group</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>$2,135</td>
</tr>
<tr>
<td>Non-Disabled Adults</td>
<td>$2,541</td>
</tr>
<tr>
<td>Duals</td>
<td>$14,972</td>
</tr>
</tbody>
</table>


What CMS is Doing to Help States Reduce Costs Now

- Identify Medicaid Cost Drivers in your State
- Use Existing Authority & New Options
  - Benefits & Cost-Sharing
  - Managing Care for High-Cost Beneficiaries
  - Purchasing Drugs More Efficiently
  - Assuring Program Integrity
- Help States Implement Initiatives for that Lead to Long Term Care Improvements and Savings
Key to Reaching Our Goals:
Assuring that all Partners are at the Table