Leadership Summit on Health Disparities/Health Braintrust

March 2011 Report to the Congress on Medicaid and CHIP

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Presentation Overview

- MACPAC Charge
- March 2011 Report
  - Background and overview of Medicaid and CHIP
  - Foundation for MACPAC’s initial approach to addressing payment, access and data in Medicaid and CHIP
  - Medicaid and CHIP Program Statistics (MACStats)
- Looking Forward
MACPAC Statutory Charge

Legislative History
• Established in February 2009 (Children’s Health Insurance Program Reauthorization Act)
• Expanded and funded in March 2010 (Patient Protection and Affordable Care Act)

Commission
• Appointed by the Comptroller General of the United States to 3-year terms
• 17 Commissioners represent broad spectrum of interests and expertise on Medicaid and CHIP

Goals
• Serve as a federal non-partisan and analytic resource on Medicaid and CHIP policy for the Congress
• Review federal and state Medicaid and CHIP policies and data sources
MACPAC Duties

- Review Medicaid and CHIP policy issues:
  - Payment policies
  - Access to care issues
  - Eligibility
  - Quality of care
  - Interactions between Medicaid and Medicare
  - Data policy analysis and program accountability
- Create early-warning system to identify provider shortage areas and other factors that adversely affect appropriate access
- Review and comment on Secretarial reports and regulations that relate to policies under Medicaid and CHIP
- Submit annual reports to the Congress in March and June
Overview of MACPAC’s March 2011 Report to the Congress

• Chapters 1-3: Background and overview of Medicaid and CHIP
  – Populations and expenditures in the context of the U.S. health care system
  – Medicaid history, eligibility, benefits, financing, and administration
  – CHIP history, eligibility, benefits/cost-sharing, and state program flexibility

• Chapters 4-6: Foundation for MACPAC’s initial approach to addressing payment, access and data
  – Evolving framework for examining access to care
  – Initial approach for examining Medicaid provider fee-for-service payment policy across states and providers
  – Outlines federal data sources, issues and potential areas for improvement for policy and accountability

• Medicaid and CHIP Program Statistics (MACStats): original MACPAC data analysis
Chapter 1: Overview and Context of Medicaid and CHIP

- Medicaid and CHIP in the context of the U.S. health care system
- Medicaid
  - Covers diverse, complex and often costly health needs of enrollees;
  - Directly supports safety net providers and reduces the burden of uncompensated care;
  - Covers services Medicare and other health care insurance do not (e.g., long-term services and supports);
  - Wraps around Medicare for low-income beneficiaries.
- CHIP
  - Enrolls low-income children who are not offered or cannot afford employer sponsored or other private insurance
### Key Medicaid and CHIP Facts

#### People

Medicaid provides health care coverage for 68 million low-income people including:

- 33 million children;
- 11 million blind or disabled individuals;
- 17 million non-disabled adults (e.g., pregnant women, parents of Medicaid enrolled children);
- 6 million seniors with Medicare.

CHIP covers 8.1 million children -- 90 percent have family incomes below 200 percent of the federal poverty level ($37,060 for a family of 3).

#### Expenditures

Medicaid federal and state expenditures were over $400 billion in FY 2010 and account for:

- 8.1 percent of total federal outlays
- 33 percent of all nursing home expenditures
- 36 percent of all home health care expenditures
- 25 percent of all mental health and substance abuse treatment spending

CHIP federal and state expenditures in FY 2010 were $11 billion.
Chapter 2: Overview of Medicaid

- Medicaid eligibility, benefits, financing and administration
- Jointly administered by the federal government and the states
- Source of health coverage for more than 68 million low-income people
  - Individuals who meet eligibility criteria are entitled to benefits
  - State options build on mandatory minimums set by the federal government
- Covers routine services as well as certain benefits that may be limited or not typically covered under Medicare and/or private insurance, e.g.,
  - Long-term services and supports
  - Broad range of services and therapies for children
- Amount, duration and scope of benefits vary among states
Chapter 3: Overview of CHIP

- CHIP eligibility, benefits and cost-sharing, and state program design
- Covers approximately 8 million low-income children
  - States choose CHIP upper-income eligibility above each state’s 1997 Medicaid income-eligibility levels
- Legislative timeline:
  - 1997: Implemented in the Balanced Budget Act
  - 2009: Funding extended through FY 2013 in CHIPRA
  - 2011: Extend through FY 2015 in PPACA
- Two state options for creating CHIP programs (or combination of)
  - Medicaid-expansion CHIP (Medicaid rules, CHIP financed)
  - Separate CHIP (CHIP rules, CHIP financed)
Differences between CHIP and Medicaid

- Considerable state flexibility in program design
  - May institute enrollment caps and waiting periods
  - Tailor benefit packages and more cost-sharing options
- Joint federal-state financing
  - States receive enhanced FMAP, or “E-FMAP” (averages 70 percent federal compared to 57 for Medicaid)
- Federal amount is capped in statute, unlike Medicaid
  - Annual allotments to states based on a formula, which has changed over the years
Chapter 4: Examining Access to Care in Medicaid and CHIP

- Framework for monitoring access to care
- Will evolve over time to address changing health care practice patterns

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**Enrollees**
- Enrollee characteristics and health needs
- Eligibility requirements

**Availability**

**Utilization**

**Access**
- Appropriateness of services and settings
- Efficiency, economy, and quality of care
- Health outcomes
Unique Characteristics of Medicaid and CHIP Enrollees

- Lower incomes and assets
- Discontinuous eligibility
- Geographic location
- Complex health care needs
- Cultural diversity
- Level of health literacy
- State variation in composition of enrollees
Medicaid and CHIP Enrollees Are Culturally and Ethnically Diverse

- An approach to monitoring access in Medicaid and CHIP must account for enrollees’ culturally and ethnically diversity
- Many enrollees speak English as a second language
  - Need for culturally-competent providers, and language facility and translation services
- MACPAC’s future focus on addressing cultural diversity in Medicaid and CHIP may include:
  - Analyses of current problems with access to care for racial/ethnic minority populations
  - State research on promising strategies for reducing disparities in care or lower quality of care for racial/ethnic minority populations
  - Evaluation of how geographic variations and provider practice patterns affect disparities
Availability and Utilization

- Availability
  - Provider supply (e.g., health care workforce issues)
  - Provider participation (e.g., willingness to accept Medicaid/CHIP patients)

- Utilization
  - Services used (e.g., having a usual source of care)
  - Affordability of services (e.g., cost-sharing requirements)
  - System navigation and patient experiences (e.g., enrollee satisfaction)
Chapter 5: Examining Medicaid Payment Policy

• Addresses MACPAC’s charge to examine Medicaid payment policies
• State flexibility under federal statute and regulations
• Focuses on federal requirements and current state payment methods for hospital and physician fee-for-service payment
• Future issues for Commission’s consideration may include:
  – Fee-for-service payments for additional provider sectors and managed care
  – State financing
  – Payment for long term services and supports
  – Develop a comprehensive information source on how states set and evaluate Medicaid payment policy
States Develop Medicaid Payment Policies Under Federal Statute

• Section 1902(a)(30)(A) of the Social Security Act requires that Medicaid payments
  – Safeguard against unnecessary utilization
  – Are consistent with efficiency, economy, and quality of care
  – Are sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area

• States flexibility under these broad parameters lead to variation in payment methods and rates
Chapter 6: Improving Medicaid and CHIP Data for Policy Analysis and Program Accountability

- Describes use and importance of and necessary improvements to Medicaid and CHIP federal administrative data
- States report a variety of data to CMS on Medicaid and CHIP
  - Enrollment, service use, and spending
  - Program policies (e.g., eligibility levels, covered benefits)
- Can help answer key policy and program accountability questions, such as:
  - Do enrollees receive appropriate care?
  - Which policy choices most affect that care and its costs?
  - Do legislators and administrators have a clear picture of how Medicaid and CHIP dollars are spent?
Improvements to Federal Administrative Data

- Increase level of detail available for managed care and separate CHIP enrollees
  - Could compare care provided under different benefit arrangements
- Provide data that are more timely and consistent across sources
  - Could use to flag policy issues, and bolster fraud and abuse prevention efforts
- Make information on state program policies more readily available
  - Could improve federal oversight, facilitate state information sharing, and provide context for statistical analyses
- CMS efforts are under way to modernize computer and data systems with input from states and other stakeholders
Medicaid and Chip Program Statistics: MACStats

- Original MACPAC data analysis
  - State-level and national data
  - Included in all future MACPAC Reports
- Selected March 2011 MACPAC state-by-state tables include:
  - Medicaid Enrollment
  - CHIP Enrollment
  - Medicaid Spending by Category, and Source of Funds
  - Total Medicaid Benefit Spending
  - Medicaid and CHIP Income Eligibility Levels as a Percentage of the Federal Poverty Level
  - Medicaid as a Share of States’ Total Budgets and State-Funded Budgets
  - Historical and Projected National Health Expenditures by Payer for Selected Years
Looking Forward in 2011

• Key issues may include:
  – Managed care in Medicaid and CHIP
  – Care coordination for Medicaid and Medicare
  – Drug payment policy
  – Program integrity
  – Care coordination for populations: disabled, aged, maternal and child health

• Additional products and activities
  – Research Briefs and Program Basics
  – Comments on federal reports, regulations and/or HHS Secretary Reports to Congress

• Continued outreach to the Congress and states