



# Medicaid and CHIP: On the Road to Reform



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# A New Reality

“After a year of striving, after a year of debate, after a historic vote, health care reform is no longer an unmet promise. It is the law of the land.”

-President Barack Obama  
March 23, 2010

# Progress So Far

- ❖ Establishing State High Risk Pools & Federal Pre-existing Condition Insurance Plan (PCIP)
- ❖ Delivering small business tax credits
  - ✓ 4 million small businesses received information from the IRS about the tax credit
  - ✓ Treasury issued guidance clarifying that small businesses can receive both State and Federal health care tax credits
- ❖ Establishing retiree reinsurance program
  - ✓ Claims incurred after June 1 are eligible for reimbursement
- ❖ Accelerating efforts to reduce waste, fraud, and abuse
- ❖ Launching consumer web portal, [www.HealthCare.gov](http://www.HealthCare.gov)
- ❖ Implementing a new Patient's Bill of Rights; prevention regulations

# Building a Foundation

- ❖ HHS and IRS are working closely to develop a common set of standards for data exchange
  - ✓ common standards will reduce expense and uncertainty in building interfaces
- ❖ Working to get funding to States quickly for all of the health reform efforts including:
  - ✓ Rate review grants to hold insurers accountable for unreasonable insurance rate increases
  - ✓ Consumer grants to enhance States' ability to address consumer inquiries, file appeals and help people enroll in coverage
  - ✓ Exchange State planning grants to assist States in their planning for implementation

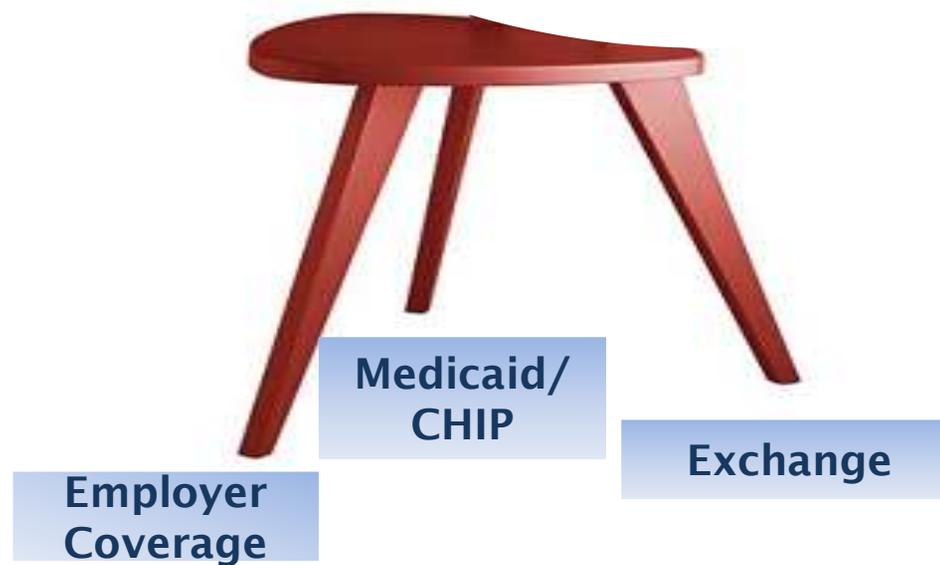
# Next Steps

- ❖ Exchange-provided coverage and Medicaid expansions do not start until January 2014, but to ensure success, planning is underway
- ❖ The Administration recognizes the need for dialogue and timely guidance
- ❖ We will continue to solicit views and suggestions from States and other partners in this effort through a variety of formats [e.g., RFIs, public meetings, TA sessions]

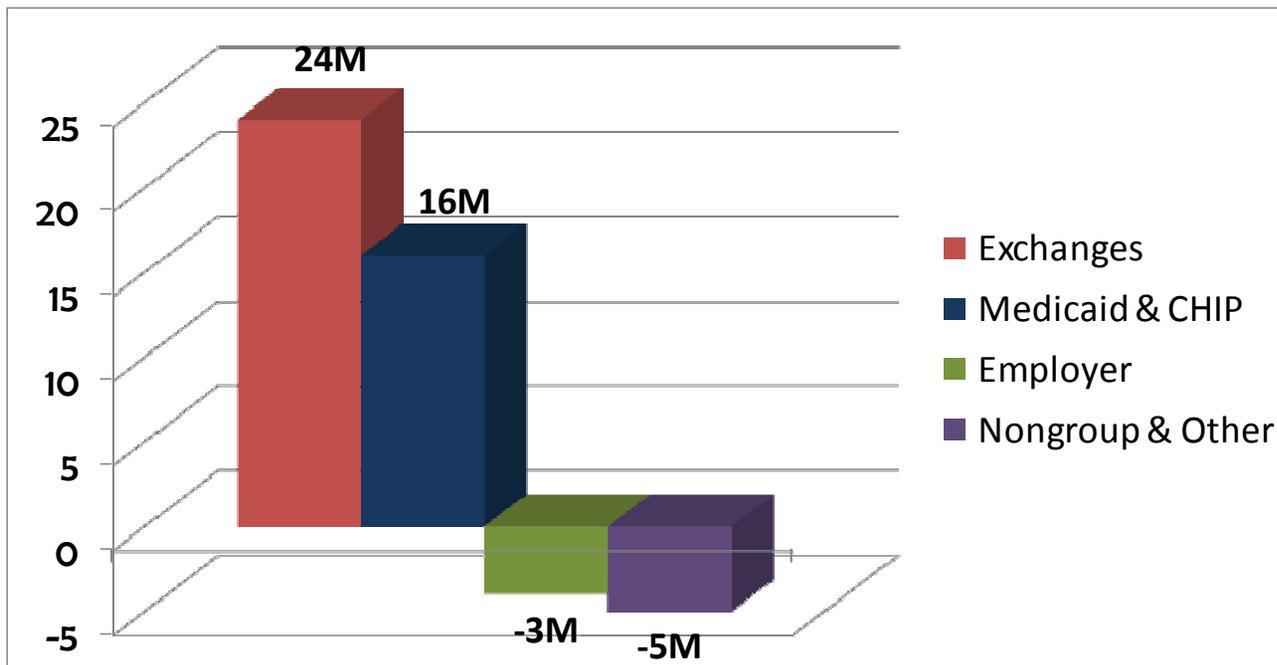
# CMCS: Our Mission

- ❖ To help States make Medicaid and CHIP the best programs they can be and to contribute to the broader goal of improving health care for all Americans
- ❖ Beneficiaries are our focus
- ❖ Partnerships are critical to success

# A System of Coverage



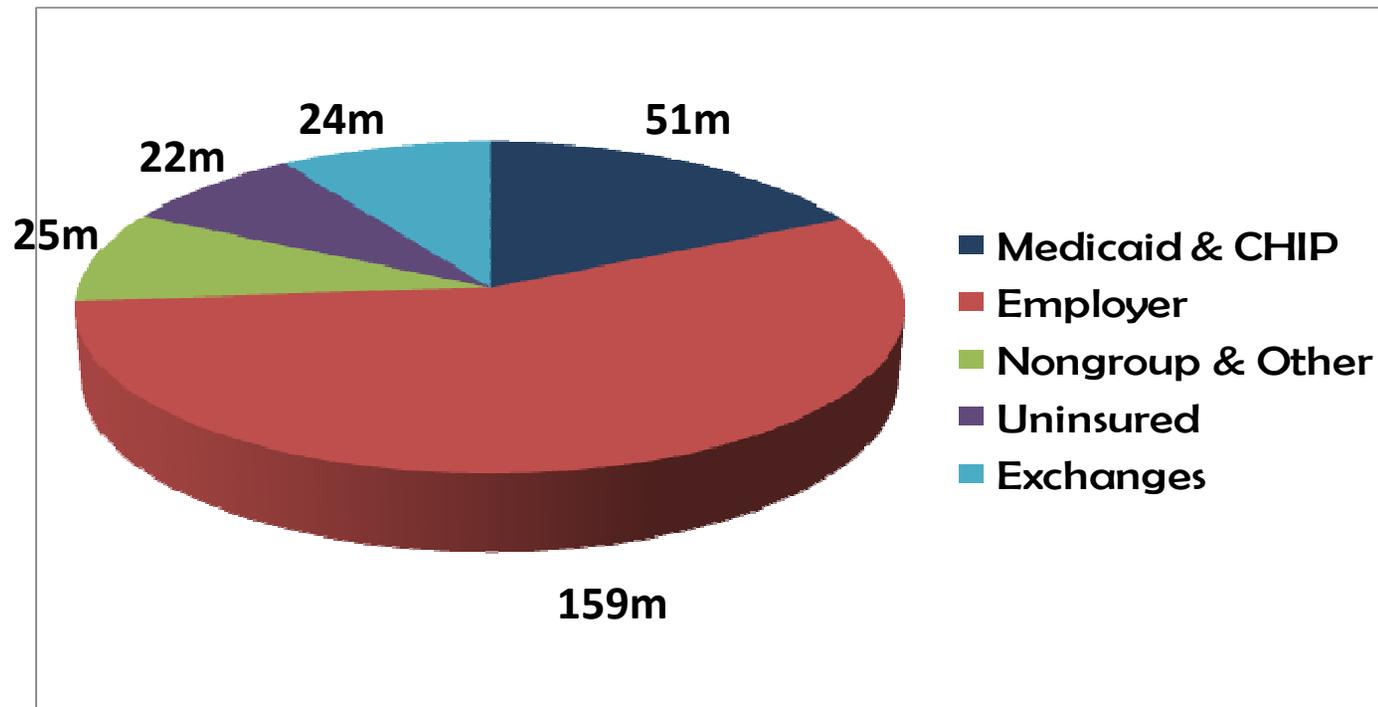
# Projected Changes in Coverage by 2019



**Total new coverage = 32 million**

Source: Congressional Budget Office, March 2010

# Sources of Coverage by 2019



(For All Individuals under 65)

Source: Congressional Budget Office, March 2010

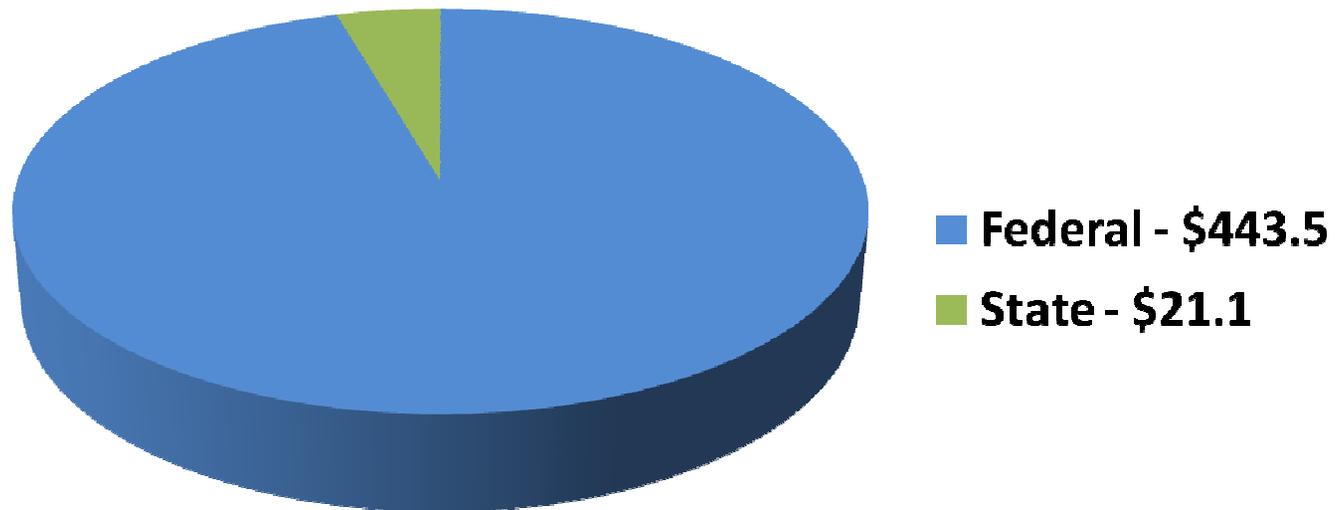
# Eligibility Changes

- ❖ Medicaid coverage for adults under 133% of the poverty line
- ❖ CHIP and Medicaid coverage for children at higher incomes (States' March 23, 2010 levels)
- ❖ Simpler eligibility rules
- ❖ Increased federal funding across the board

# Who Pays?

## Estimated Distribution of Costs for Medicaid Coverage Changes: 2014-2019

(in billions)



Total \$464.7 billion

# State Financial Impacts

- ❖ Significant increase in federal support for Medicaid/CHIP
  - ✓ 100% match for “newly eligible” group for 3 years and 95-90% match thereafter
  - ✓ Increased match for “childless adults” in “expansion” states (reaches 93%/90% in 2019/2020)
  - ✓ Increased match for CHIP in 2016 (enhanced plus 23 percentage points)
  - ✓ Regular federal match for remaining currently eligible groups

# Other State Financial Impacts

- ❖ Certain state-funded services may no longer be needed
- ❖ Reductions in uncompensated care and cost shifting
- ❖ Greater efficiencies
- ❖ DSH funding declines (as will State contributions)

# New Paradigm

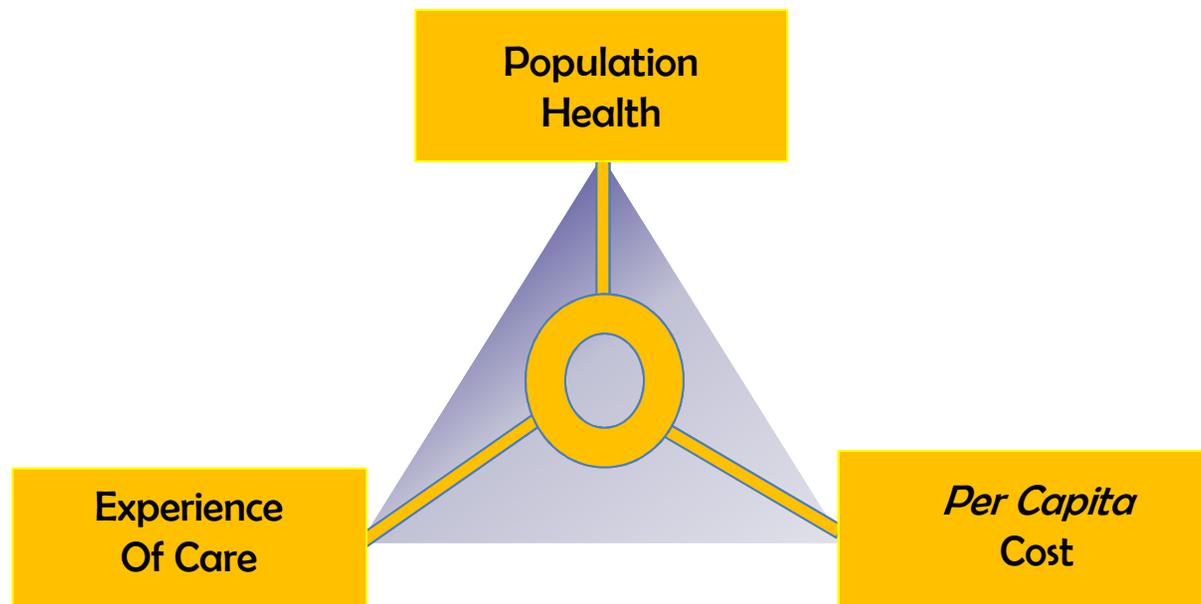
- ❖ Not a “safety net” but a full partner in assuring coverage for all
- ❖ Eligible = enrolled
- ❖ Essential to make a **system** out of different components to achieve coverage, quality and cost containment objectives

# Putting Reform into Medicaid

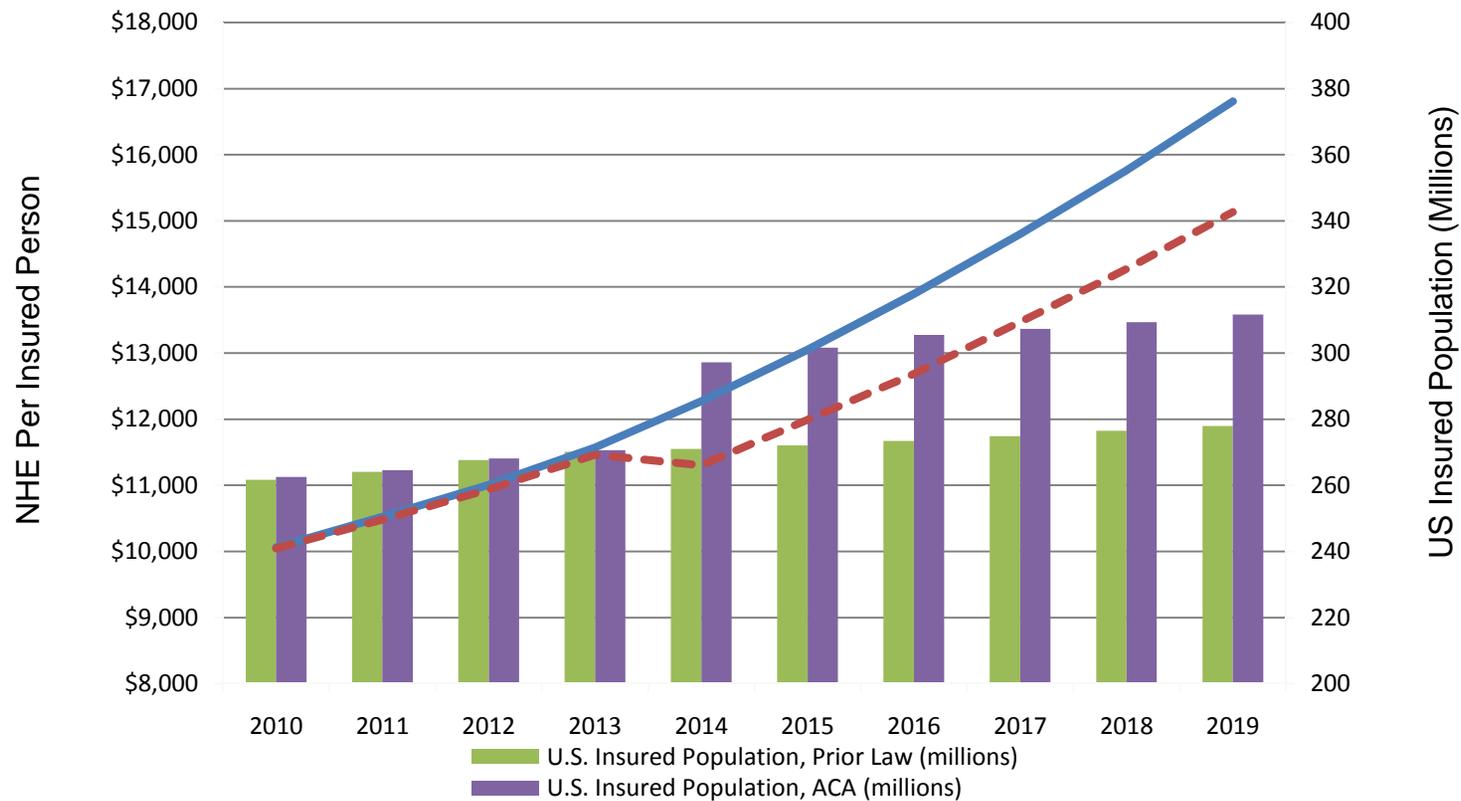
Creating a high performing Medicaid program

- ❖ Systems upgrades and data/performance standards
  - ✓ Integration with the Exchange
  - ✓ Interoperability with other programs/data sources
  - ✓ Data enhancements, analysis, performance measures and transparency

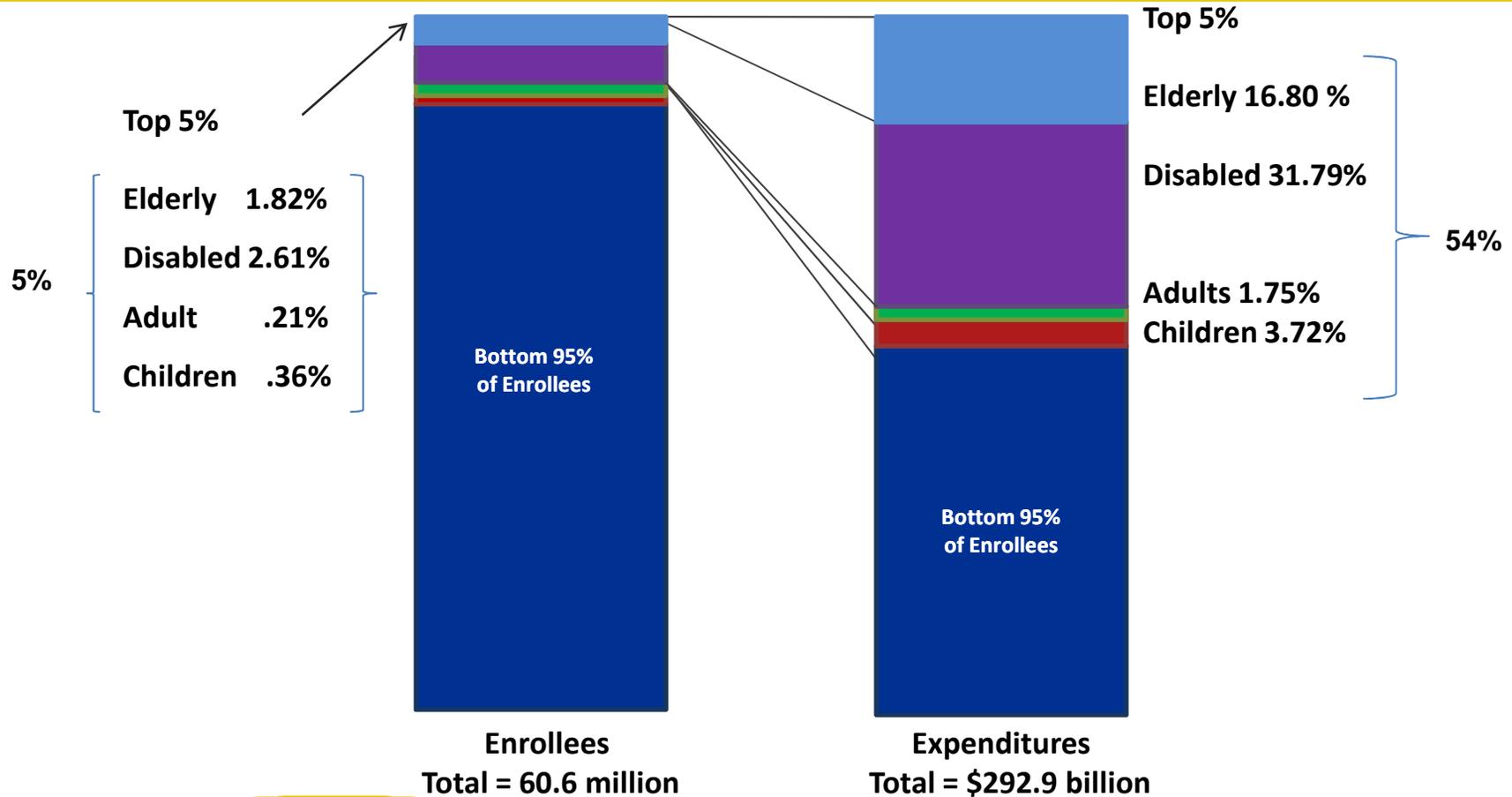
# The “Triple Aim”



# Effects of the Affordable Care Act on NHE per Insured Person



# Top 5% of Enrollees Accounted for More than Half of Medicaid Spending in FY 2008



Source: FY MSIS 2008, FY MSIS 2007  
for AZ, NC, ND, HI, UT, VT, WI

# Payment & Delivery System Reforms

- ❖ No payment for HACs
- ❖ Medical and health homes
- ❖ Global payment demonstrations
- ❖ Pediatric ACOs
- ❖ Primary care provider increase (2013)
- ❖ Preventive care incentives -- FMAP increase for preventive services & immunizations for adults (2013)

# Delivery and Payment System Reforms

- ❖ Center for Medicare/Medicaid Innovation
  - ✓ Improving patient care
  - ✓ Integrated care models
  - ✓ Improving health for populations and communities
  - ✓ Dedicated Office of Duals
- ❖ Further progress (re)balancing long-term care services and supports
- ❖ Close attention to program integrity



# 2014 Begins Now!

# Implementing the Affordable Care Act Quickly, Carefully and Efficiently

- ❖ Promulgating regulations and guidance
- ❖ Working with States & insurance commissioners
- ❖ Establishing infrastructure for new functions
  - ✓ Office of Consumer Information & Insurance Oversight
  - ✓ Advisory Commissions & Boards
- ❖ Sharing ideas about what reform means

# Collaboration with States is Essential

Systems Support

Eligibility Rules

Benefit Designs

FMAP Rules

Basic Option

Data Performance Standards



2010



2014

Exchange/  
Medicaid  
Org Structure

Adopt New  
Laws/Budgets

System  
Changes

New  
Rules/Forms

Provider  
Networks/  
Contracts

Staffing  
Training

Enrollment ...



# Children's Coverage Does Not Need to Wait

The Secretary's Challenge: Enroll the 5 million uninsured children who are currently eligible for Medicaid or CHIP over the next five years





**Key to Reaching  
Our Goals:  
Assuring that all  
Partners are at  
the Table**