



# Medicaid and CHIP: On the Road to Reform

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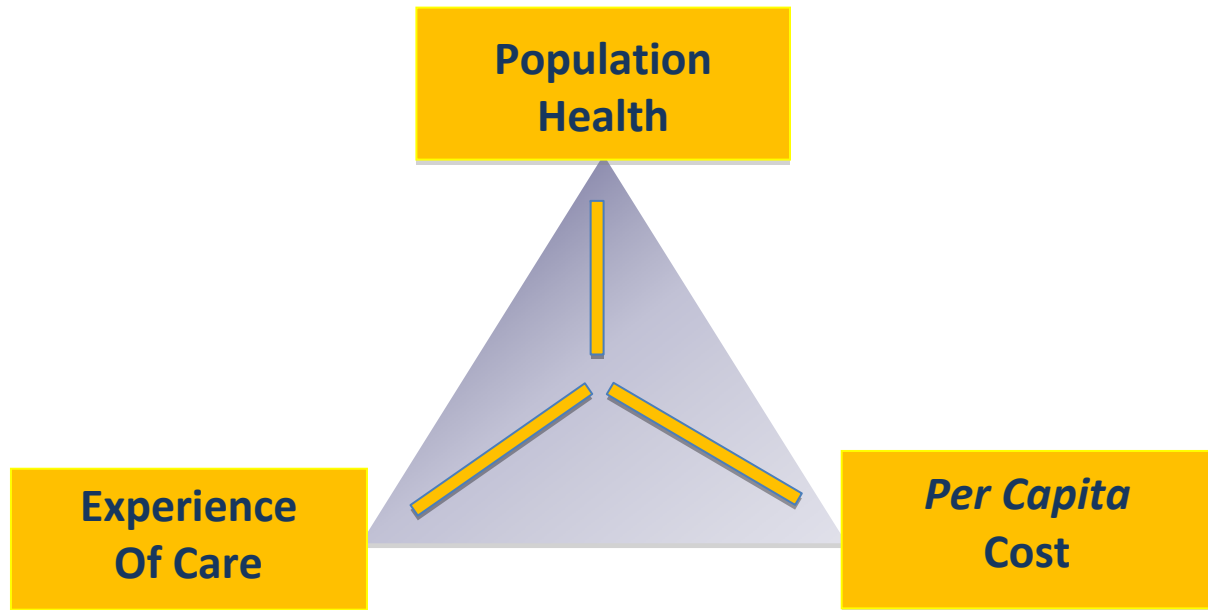
Centers for Medicare & Medicaid Services



National Medicaid Congress

June 13, 2011

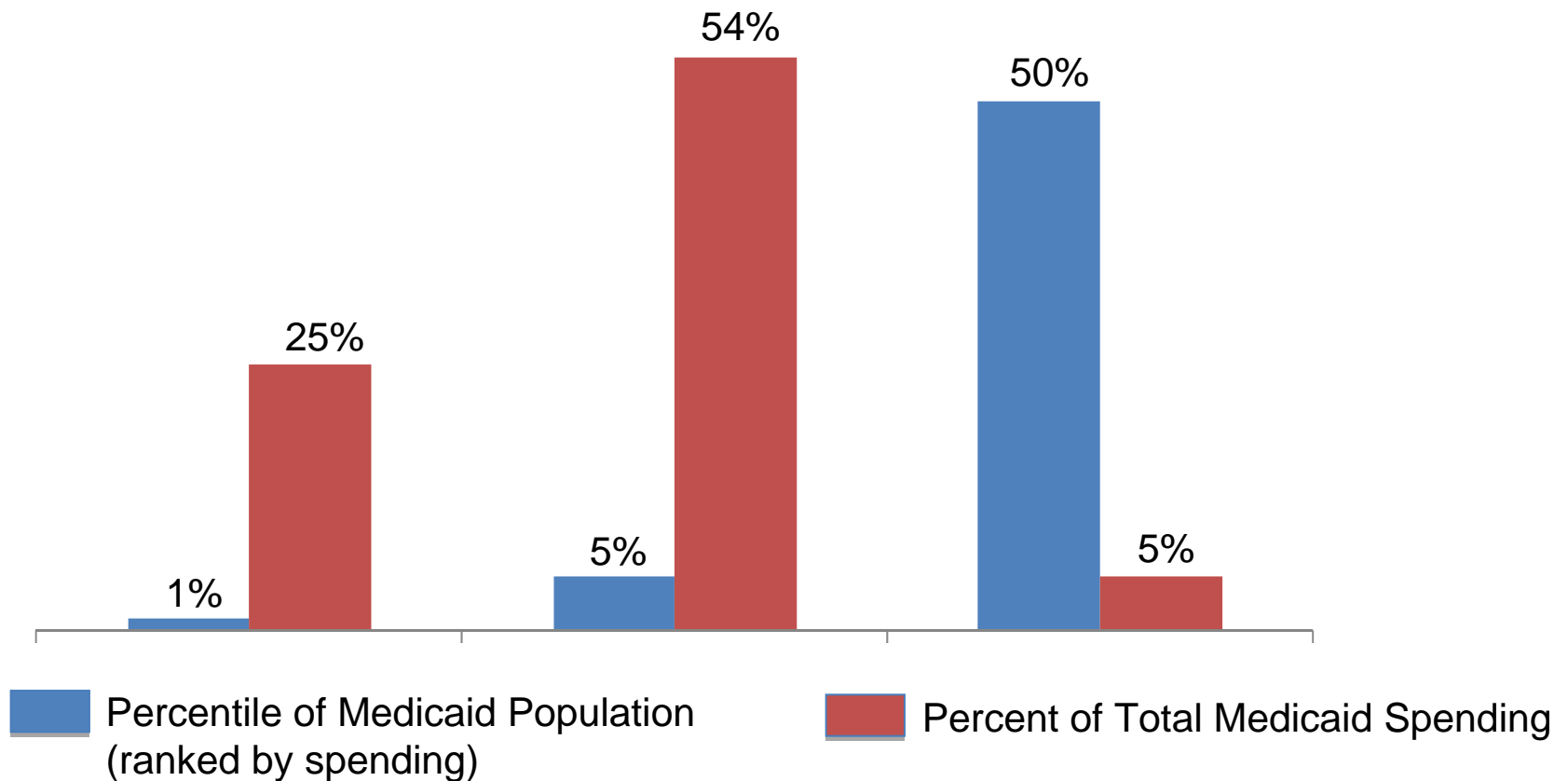
# Better Care, Better Health, Lower Costs



# Current Fiscal Pressures

- ❖ Enrollment among families and children has grown sharply due to the recession
  - ✓ Medicaid is intended to be a countercyclical program
- ❖ Despite enrollment growth, state Medicaid spending declined during the recession
- ❖ While enrollment growth explains recent growth in costs, the real cost drivers lie elsewhere

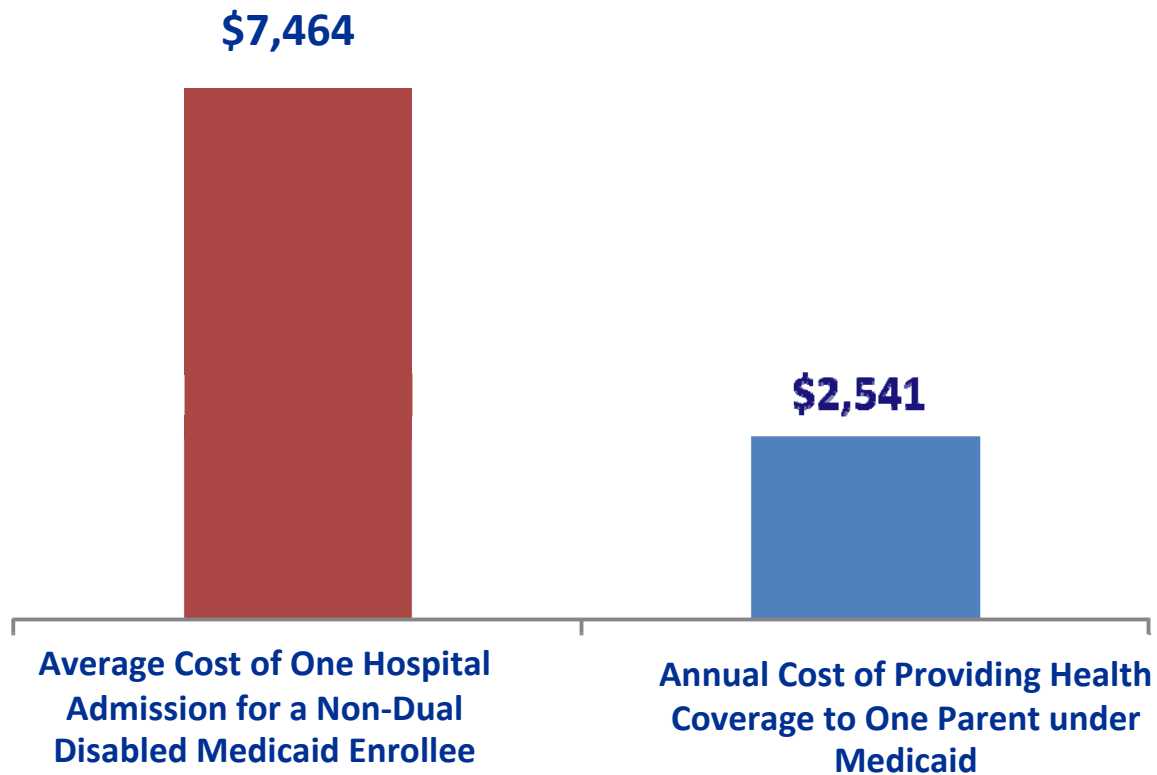
# Concentration of Medicaid Spending



# What CMS is Doing to Help States Reduce Costs Now

- ❖ Focus on Medicaid Cost Drivers
- ❖ Existing Authority & New Initiatives
  - ✓ Benefits & Cost-Sharing
  - ✓ Integrated Care for High-Cost Beneficiaries; improving care transitions; reducing unnecessary hospitalizations
  - ✓ Purchasing Drugs More Efficiently
  - ✓ Assuring Program Integrity
- ❖ Medicaid State Technical Assistance Teams (MSTAT)

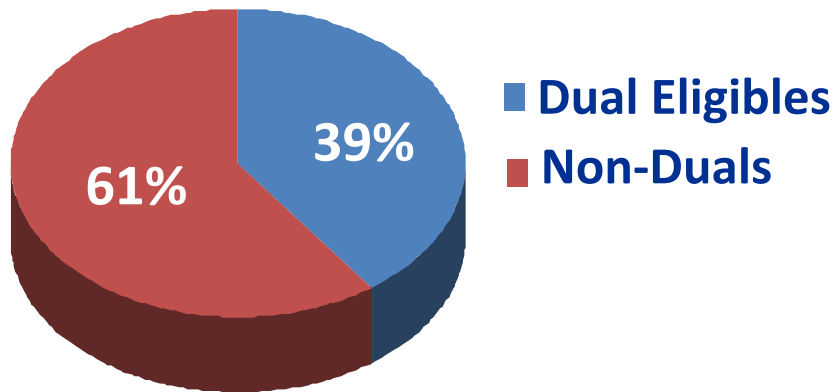
# Health Care Expenditures Compared



Source: CMS data analysis and Urban Institute analysis of data from MSIS and CMS Form 64, prepared for Kaiser Commission on Medicaid and the Uninsured, 2010. Kaiser Family Foundation-State Health Facts, FY 2007.

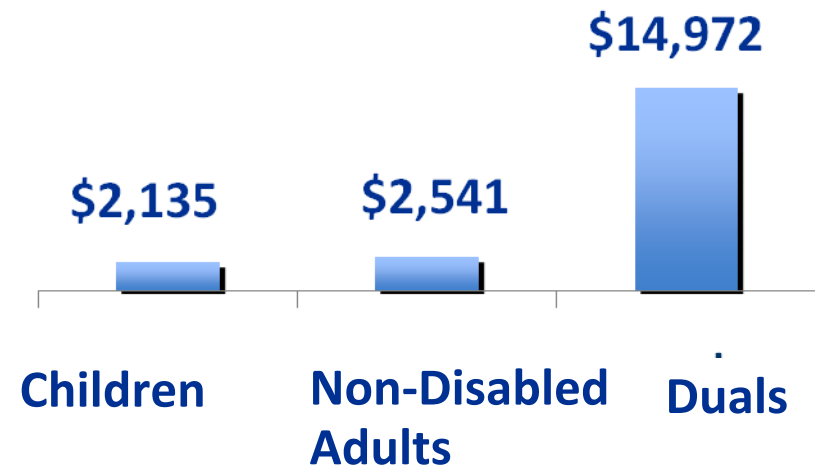
# Focus on Dual Eligibles

## Duals as Share of Medicaid Spending



Total Spending = \$311 billion

## Medicaid Spending by Population Group



# New Tools: Delivery System and Payment Reform

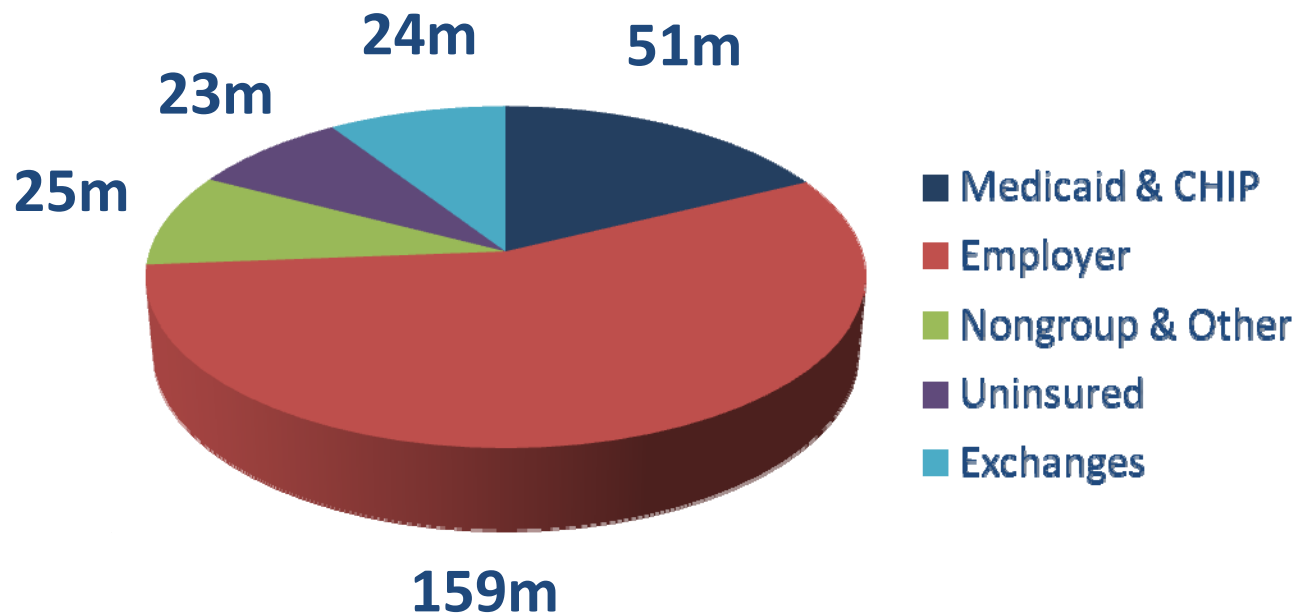
- ❖ Primary care provider increase (2013)
- ❖ Accountable Care Organizations
- ❖ Medical and health homes
- ❖ Bundled payments to integrate care
- ❖ Global payment demonstrations
- ❖ No payment for HACs
- ❖ Center for Medicare and Medicaid Innovation Center
- ❖ Federal Coordinated health Care Office (“Duals”)





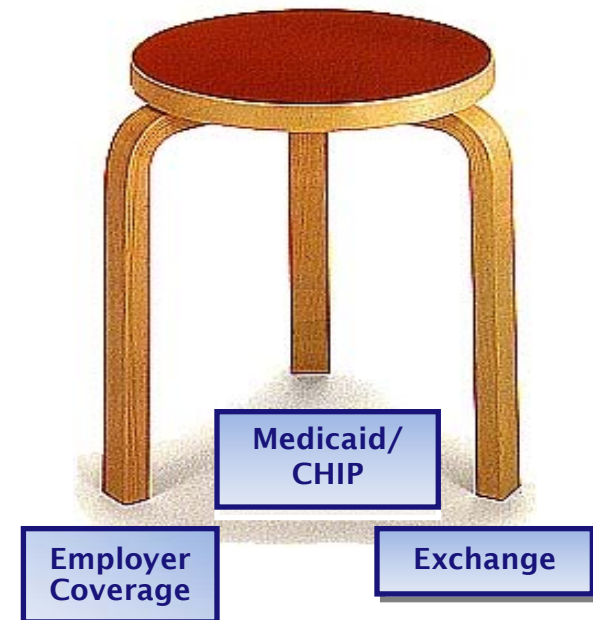
**2014  
is  
Now!**

# Sources of Coverage by 2019 for Individuals Under 65

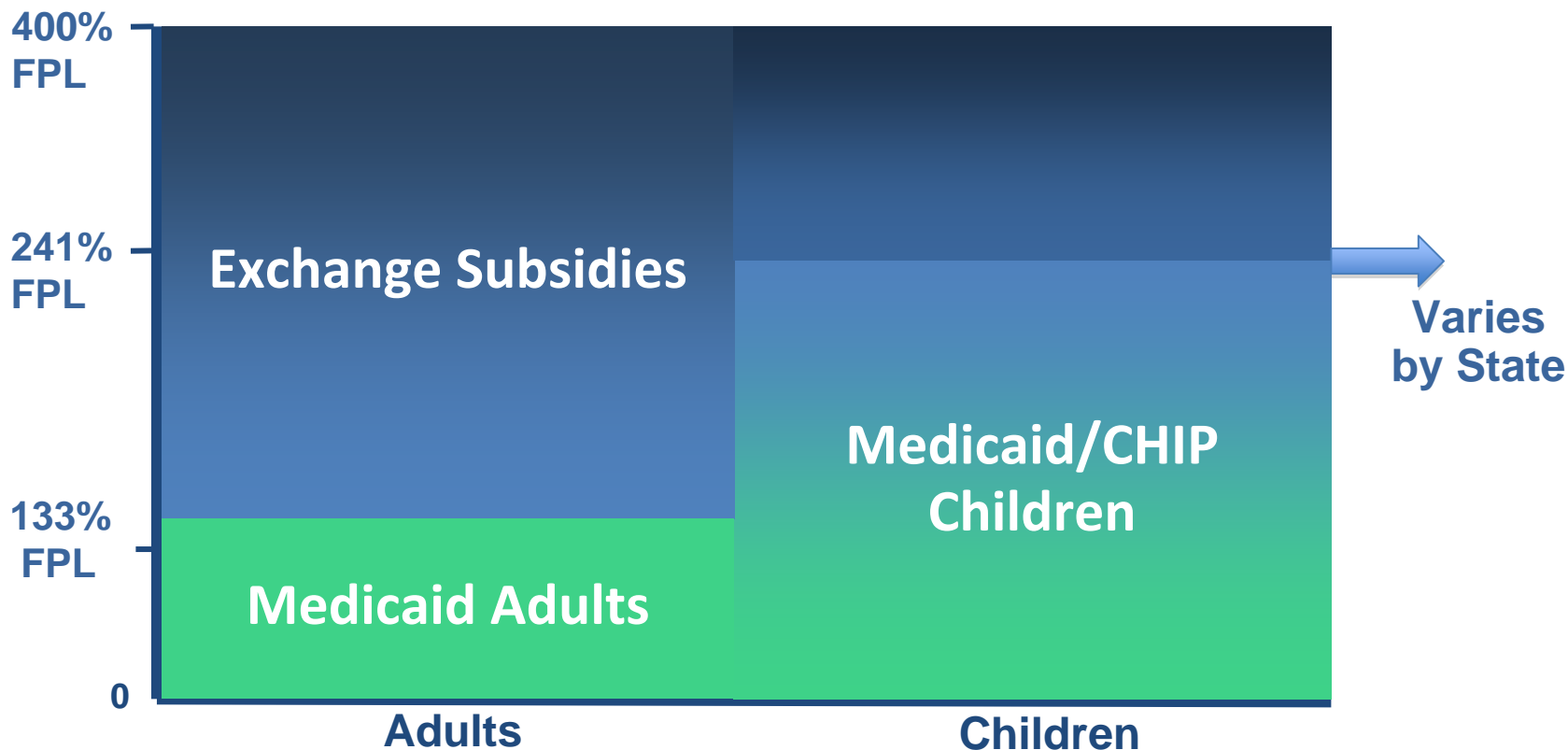


# New Paradigm

- ❖ Not a safety net but a full partner in assuring coverage, quality and cost containment
- ❖ Simplified and coordinated rules and process (eligible = enrolled; no churning)
- ❖ A **system** of coverage and care



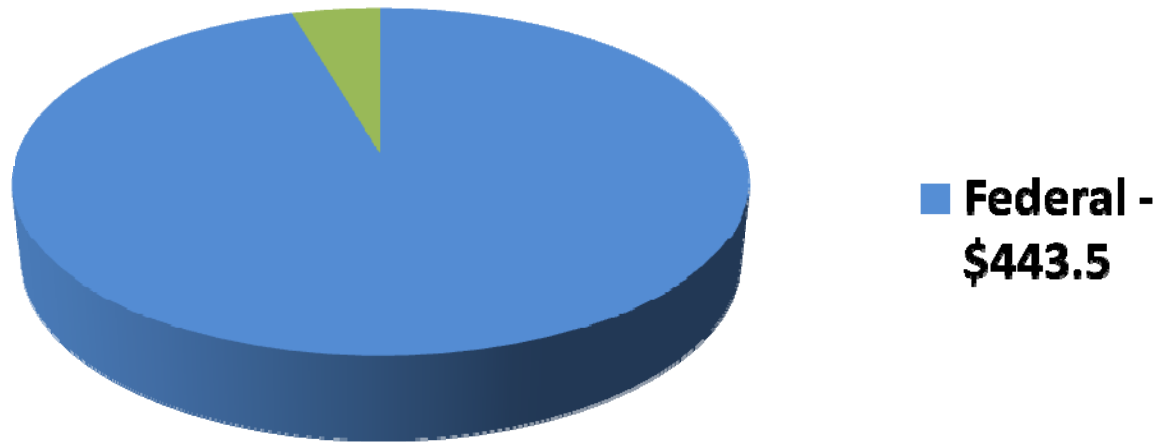
# 2014 Health Insurance Subsidies



# Who Pays?

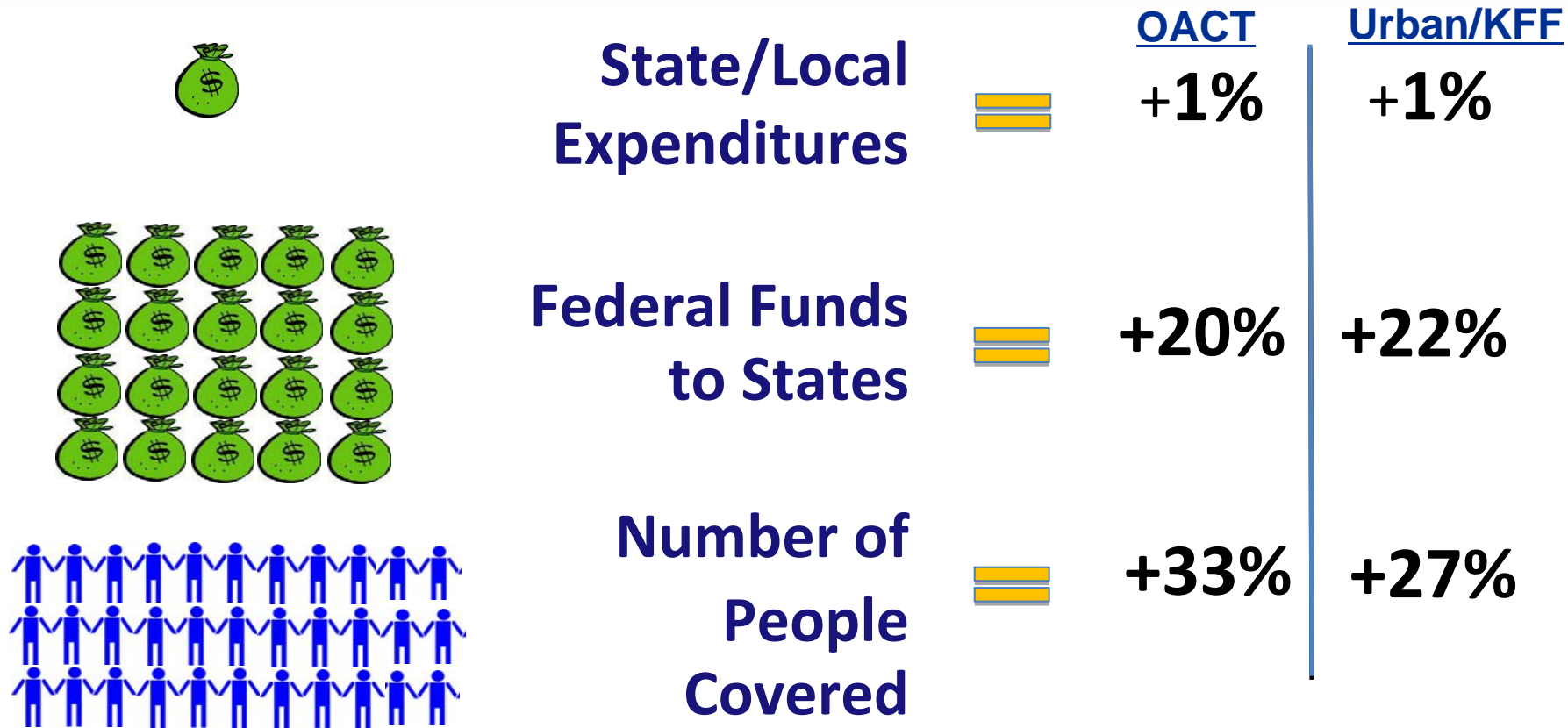
## Estimated Distribution of Costs for Medicaid Coverage Changes: 2014-2019

(in billions)



**Total \$464.7 billion**

# Return on Investment

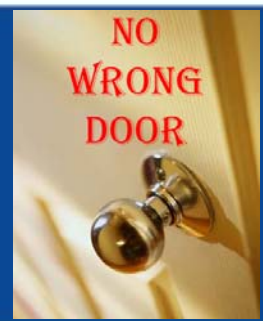


# Medicaid & Exchange- Modernized, Efficient Systems

- ❖ IT Guidance 1.0 Final Rule & IT Guidance 2.0
  - ✓ 90% FFP for eligibility and enrollment system design and development until 12/31/15
  - ✓ 75% FFP for system maintenance
  - ✓ 7 Conditions & Standards
- ❖ Framework & approach for developing IT systems
- ❖ 7 Exchange Innovator Grants Issued



# Seamless Coordination and No Wrong Door



- ❖ Exchange determines eligibility for Medicaid/CHIP/premium tax credit; other avenues open as well.
- ❖ IT Guidance 1.0 & 2.0:
  - “A collaborative partnership between and within federal agencies and states.”
  - “Seamless coordination between the Medicaid and CHIP programs and the Exchanges and between the Exchanges and plans, employers, and navigators.”
  - “Customers should experience a high level of service, support, and ease of use...”
  - “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.”
  - “Integration of systems, programs, and administration will limit duplication of costs, processes, data, and effort on the part of either the state or the beneficiary.”



# Achieving a High Performing Medicaid Program

- ❖ Simplified, accurate, customer-friendly, data driven eligibility/renewal processes that are fully coordinated with the Exchange
- ❖ Access to person-centered, high quality, integrated care with options for continuity of coverage with plans on the Exchange
- ❖ Continuing improvements in quality and cost – throughout our health care system-- based on consumer experience, other stakeholder input, data, and collaboration.