

# Medicaid and CHIP: On the Road to Reform



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National Health Reform Congress

January 19, 2011

# 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

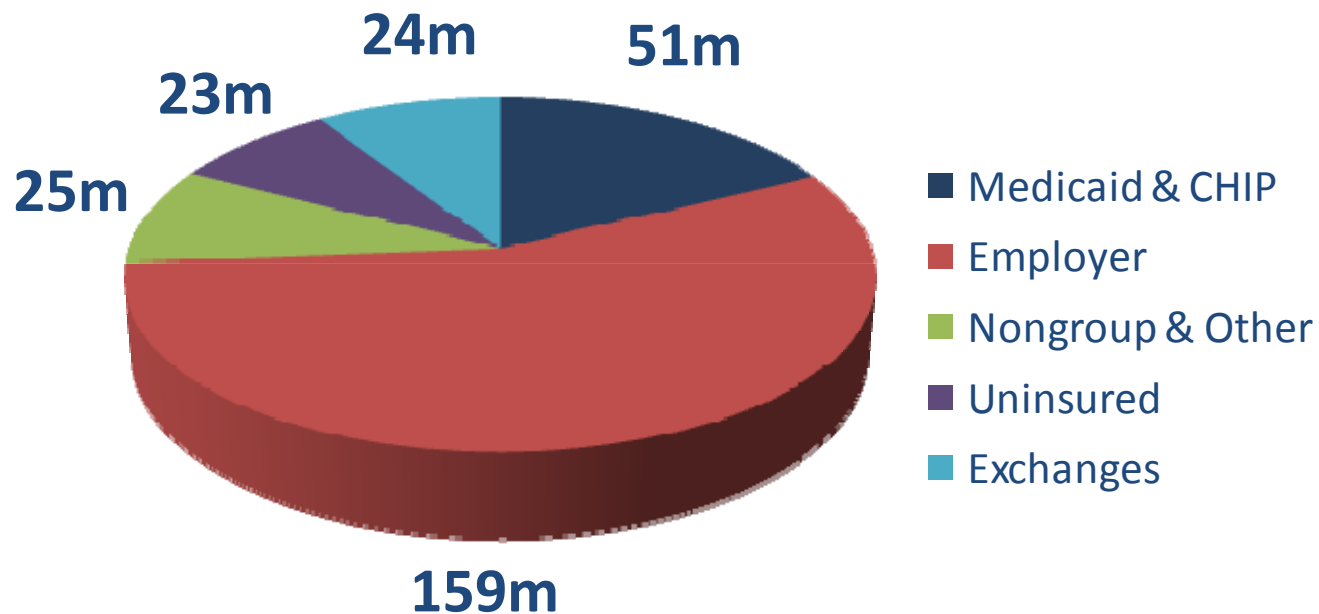
# Implementing the Affordable Care Act

- ❖ Working with States (Governor's offices, Medicaid, CHIP, Insurance Commissioners)
- ❖ Coordinating with the Office of Consumer Information and Insurance Oversight (OCIO) 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

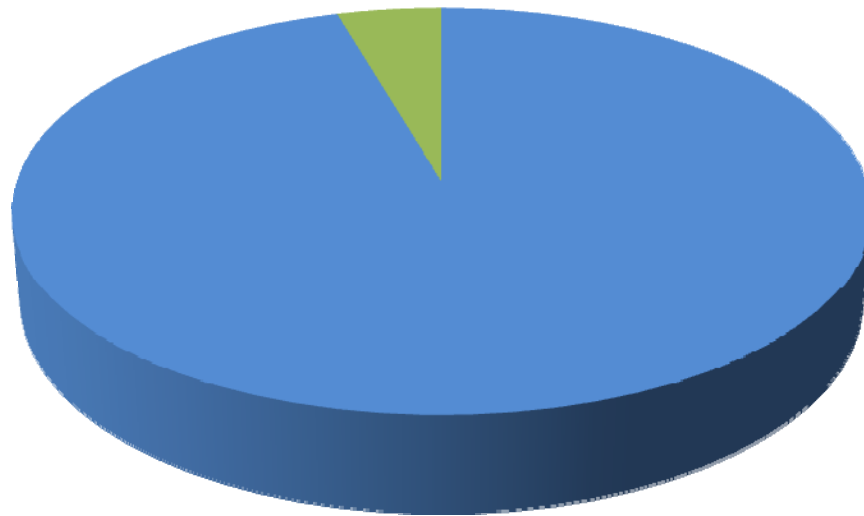
Population	Current Minimum Eligibility Levels (average)	2014 Minimum Eligibility Levels
<b>Children</b>	<b>100%/133% (241%)</b>	<b>241%</b> Average - Will vary by State
<b>Parents</b>	<b>41% (64%)</b>	<b>133%</b>
<b>Disabled Adults</b>	<b>74% (SSI-related)</b>	<b>133%</b>
<b>Other Adults</b>	<b>0%*</b>	<b>133%</b>

\* 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?

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

(in billions)



■ Federal - \$443.5

■ State - \$21.1

**Total \$464.7 billion**



# Return on Investment



State/Local  
Expenditures



**+1%**



Federal Funds  
to States



**+20%**



Number of  
People  
Covered

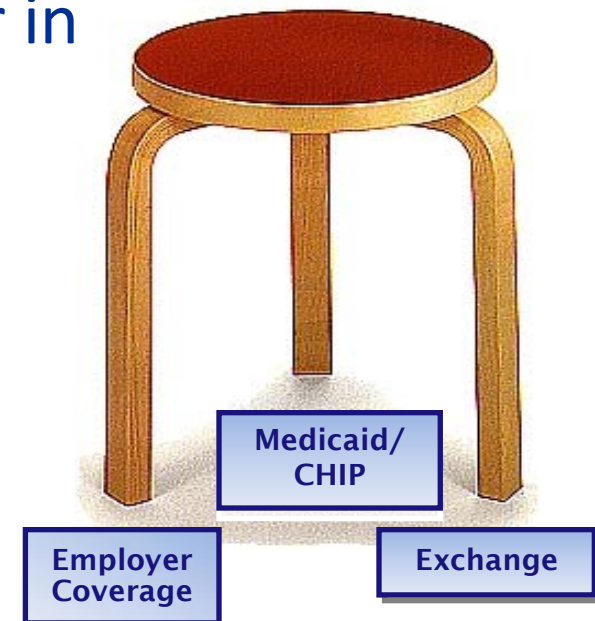


**+33%**



# New Paradigm

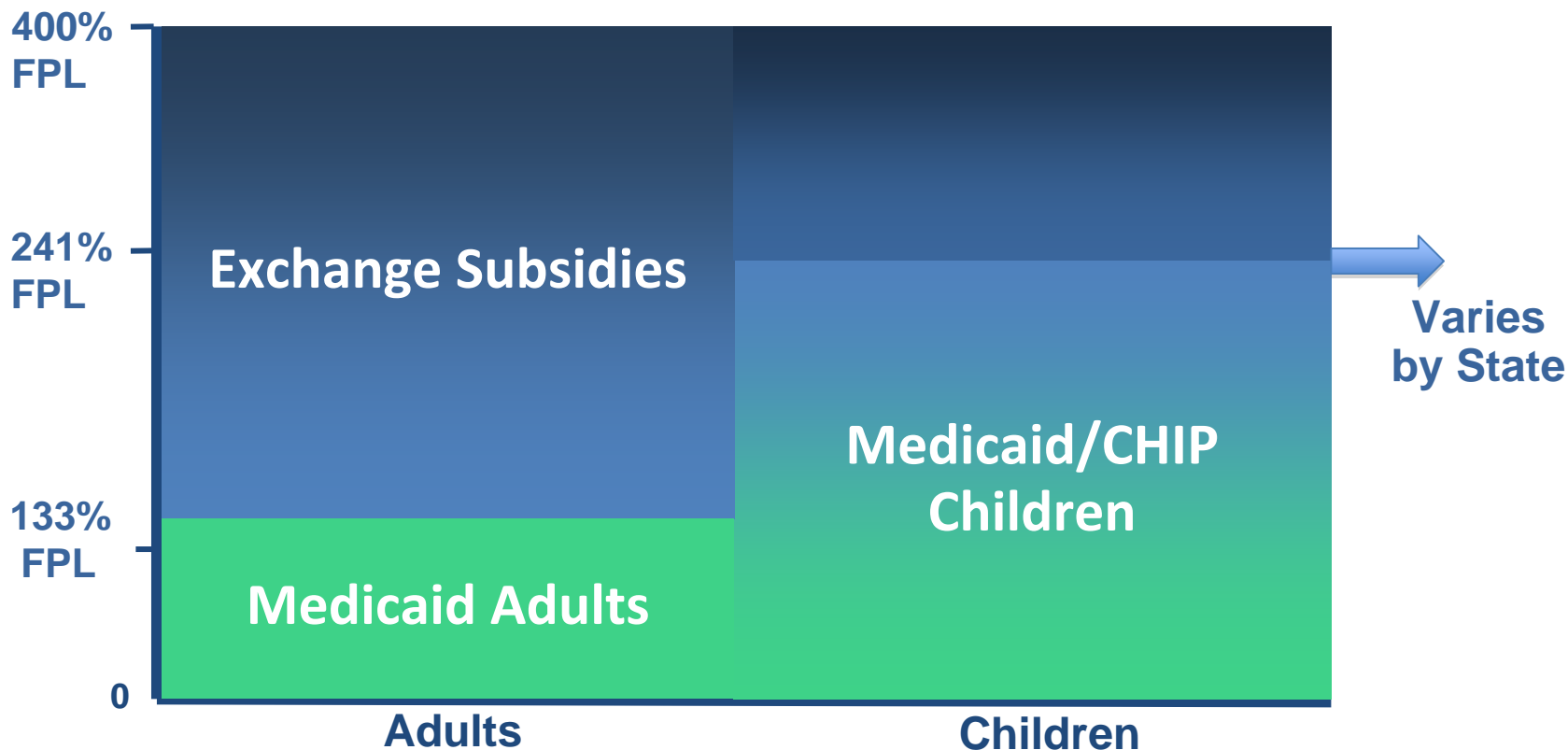
- ❖ Not a safety net but a full partner in assuring coverage for all
- ❖ A culture of coverage where eligible = enrolled
- ❖ A **system** of coverage and care



# New Rules

- ❖ Simplified eligibility rules apply to most people qualifying for Medicaid/CHIP
  - ❖ Income only; no assets
  - ❖ For most people, eligibility is no longer tied to “category”
- ❖ In most cases, the same income rules apply to Medicaid/CHIP/Premium Tax Credit (“MAGI”)

# 2014 Health Insurance Subsidies



# 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

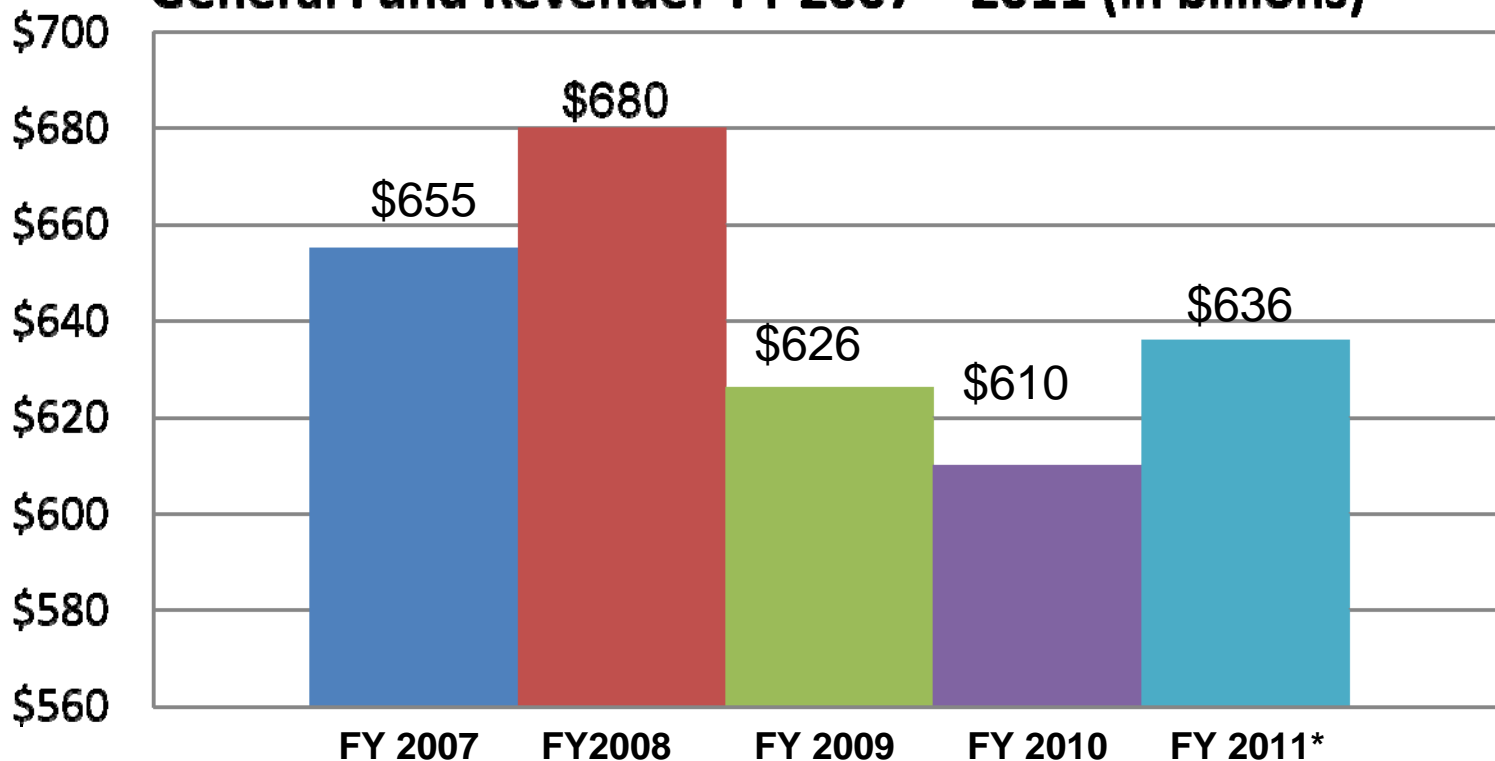
# Significant Federal Support

## ❖ Federal Support

- ✓ “Collaborative IT Approach”
- ✓ Innovator Grants
- ✓ 100% Federal funding for Exchange build through 2015
- ✓ For Medicaid, under NPRM, 90% (for development) through 2015 and 75% (for maintenance) indefinitely, subject to performance standards & conditions

# State Revenue Rising But Still Below Pre-Recession Levels

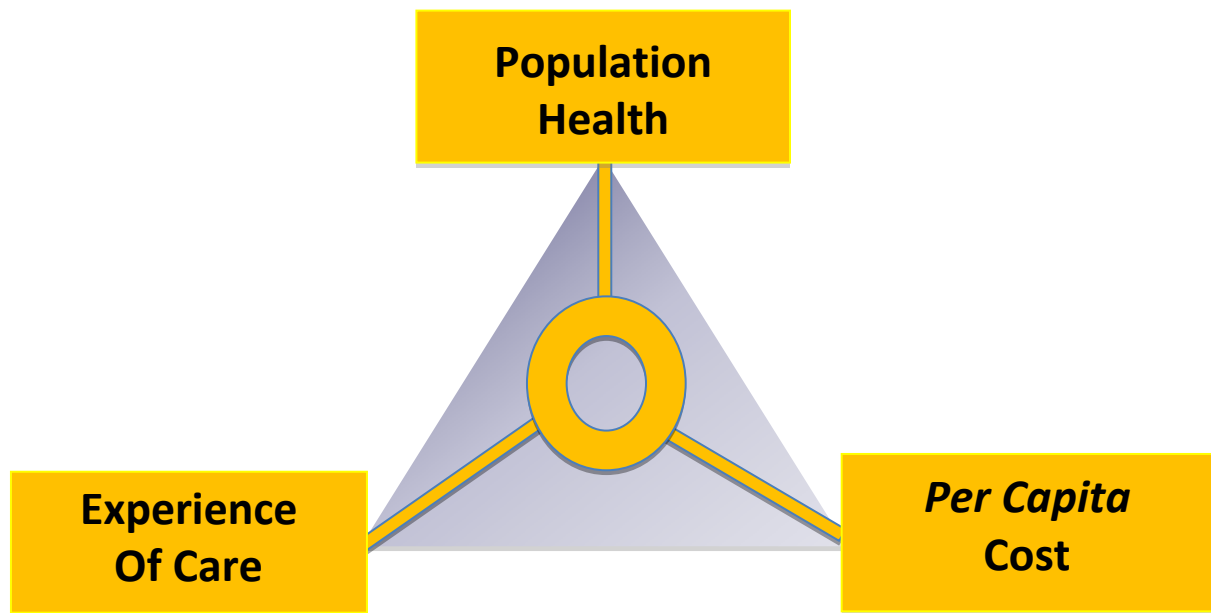
## General Fund Revenue: FY 2007 – 2011 (in billions)



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



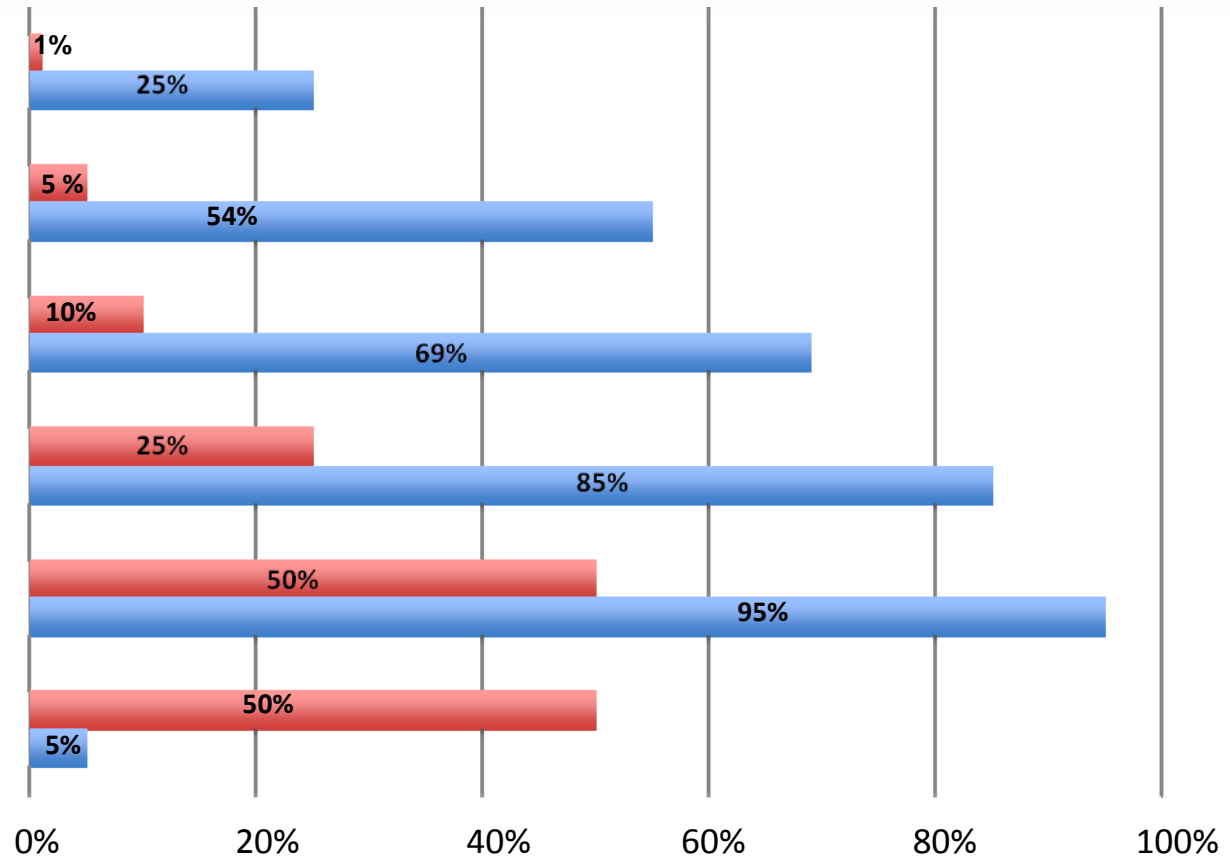
# Coverage: Pathway to Better Care, Better Health, Lower Costs



# Concentration of Medicaid Spending

■ Percentile of Medicaid Population (Ranked by Spending)

■ Percent of Total Medicaid Spending

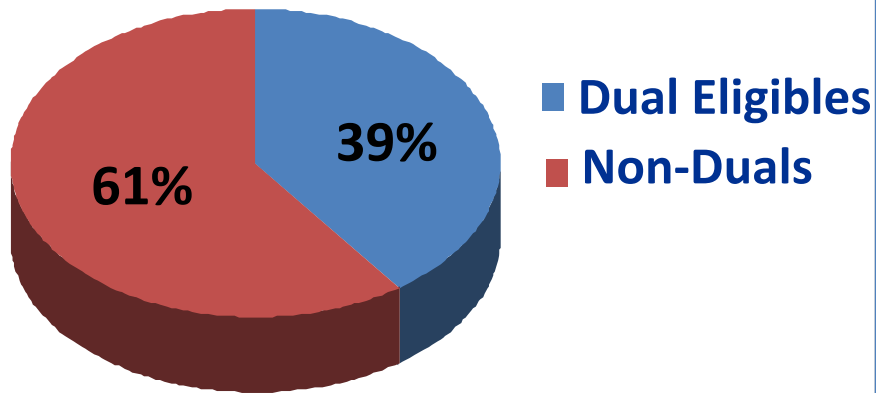


# Quality, Access and Costs: New Tools

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

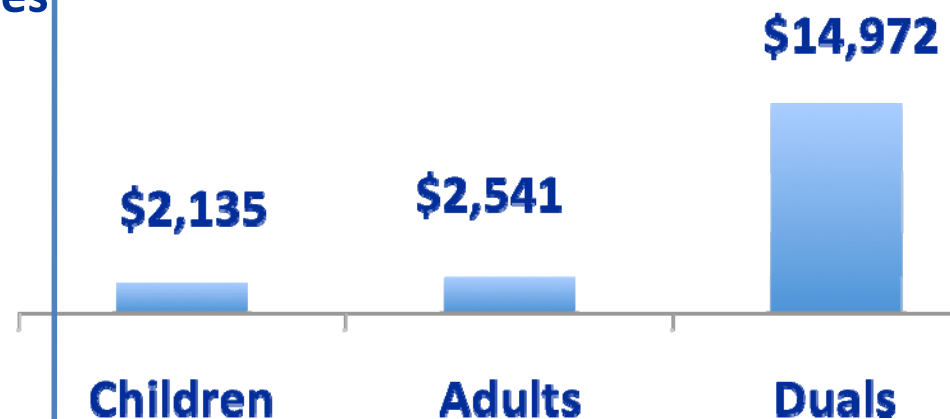
# Focus on Dual Eligibles

## Duals as Share of Medicaid Spending



Total Spending = \$311 billion

## Medicaid Spending by Population Group




# Dual Eligibles

INNOVATIONS

.cms.gov

- ❖ Solicitation to support the design of innovative service delivery and payment models for dual eligibles
  - ✓ Due February 1, 2011
  - ✓ Up to 15 states (\$1 million each)
- ❖ Exploring Different Models
- ❖ Providing data



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