



**MACPAC**  
Medicaid and CHIP Payment and Access Commission



# **Review of Draft Chapter Building State Capacity to Administer Medicaid and CHIP**

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# State Capacity to Administer Medicaid and CHIP

The importance of effective program administration is growing as Medicaid and CHIP increase in size and scope and as states seek to increase value and accountability

Administrative capacity constraints hinder states' ability to meet program requirements, be proactive, and integrate into broader reforms

# Medicaid Administrative Responsibilities

The demands on state Medicaid agencies are extensive and diverse

- Federal statute and regulations spell out minimum requirements and expectations
- States make efforts to go beyond basic program expectations

There is significant variation in how states organize, staff, and operate their Medicaid programs

# Constraints on State Capacity

New options create more work for states

Medicaid agencies need high-level analytic, financial, and clinical expertise but struggle to attract and retain staff

No clear Medicaid performance standards or metrics to support greater investment or judge effectiveness

# Federal Role in Medicaid Administration

Federal responsibility for administration of Medicaid and CHIP is shared between CMS and several other agencies

CMS also faces administrative and oversight capacity constraints

# Approaches to Strengthen State Capacity

CMS, states, and private organizations have developed a variety of strategies to strengthen Medicaid administrative capacity:

- increase the effectiveness of existing resources
- share resources among states
- leverage other state assets
- procure external support
- provide funding for specific activities

# Next Steps for MACPAC

Future work in this area to focus on:

- how should administrative performance be measured?
- what strategies are most effective in helping states develop adequate capacity?