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NEWS RELEASE

Contact: Molly McGinn-Shapiro
202-273-2460

**MEDICAID AND CHIP PAYMENT AND ACCESS COMMISSION (MACPAC)
RELEASES MARCH 2013 REPORT TO THE CONGRESS ON MEDICAID AND CHIP**

Commission makes recommendations on twelve-month continuous eligibility and Transitional Medical Assistance

Washington, DC, March 15, 2013 — Today the Medicaid and CHIP Payment and Access Commission (MACPAC) released its March 2013 *Report to the Congress on Medicaid and CHIP*. At a time when the federal government and states are working to implement the Patient Protection and Affordable Care Act (ACA) while improving Medicaid and CHIP for the people already enrolled, the Commission makes two recommendations to the Congress on Medicaid and CHIP eligibility policy and provides new information based on the Commission's analyses of issues affecting persons who are dually eligible for both Medicaid and Medicare.

The report, the fifth since the Commission's inaugural report in March 2011, reflects the key priorities facing program administrators: implementing Medicaid eligibility provisions; managing the policy and operational interactions among Medicaid, CHIP, and coverage through new health insurance exchanges; and pursuing delivery system and payment innovations for individuals dually enrolled in Medicare and Medicaid, who are among the highest need and highest cost enrollees in both programs. This report advances MACPAC's work for the Congress in these areas with analyses on interactions among Medicaid, CHIP and new exchange coverage related to eligibility; the growing population of persons served by both Medicare and Medicaid; improving Medicaid payment methodologies for integrated care plans that combine acute and long-term services; and Medicaid policies for payment of Medicare premiums and cost sharing for certain low-income beneficiaries.

The report's two recommendations focus on changes made in the ACA that will affect Medicaid and CHIP. If enacted, the recommendations would improve enrollment stability and better align a current Medicaid program known as Transitional Medical Assistance with new provisions enacted by the ACA.

The Commission recommends that the Congress create a statutory option for states to implement twelve-month continuous eligibility for children enrolled in CHIP and adults enrolled in Medicaid, as is now the case for children in Medicaid. This recommendation is designed to reduce frequent churning and the administrative burden of the eligibility determination process. It would enable states to enroll eligible individuals for a full year, regardless of changes in income. The Commission is making the recommendation to ensure that the option, which would otherwise be removed under new income-counting eligibility standards, remains available to states.

"The Commission's recommendations in this report focus on the new policy environment in which Medicaid and CHIP will be operating in 2014," said Diane Rowland, Sc.D., chair of the Commission. "Allowing the states to continue to offer 12-month continuous eligibility should promote enrollment stability and continuity of care, reducing both the negative consequences of churning among subsidized health programs and administrative burdens on states."

Medicaid and CHIP Payment and Access Commission

Diane Rowland, ScD, *Chair* • David Sundwall, MD, *Vice Chair* • Anne L. Schwartz, PhD, *Executive Director*
1800 M Street NW, Suite 350N, Washington DC 20036 • Phone (202) 273-2460 • Fax (202) 273-2452
www.macpac.gov

The second recommendation calls for the Congress to permanently fund Transitional Medical Assistance (TMA), while allowing states to opt out of TMA if they expand to the new adult group. TMA provides additional months of Medicaid coverage to millions of families who might otherwise become ineligible and uninsured due to an increase in earnings. If the recommendation were implemented, it would provide certainty that funding will be available for states that choose not to expand eligibility, and would reduce administrative burden for states that do expand.

“These recommendations embody the Commission’s principles of promoting administrative simplification—for enrollees, providers, and payers, including federal and state governments—and promotes continuity of coverage and care, while attempting to minimize federal and state spending,” said David Sundwall, MD, vice chair of the Commission.

This report also continues the Commission’s work on persons dually eligible for Medicare and Medicaid—a group that is of great interest to the Congress because of the complexity and cost of their health needs—including analyses on:

- **Service use and spending patterns for persons dually eligible for Medicare and Medicaid.** A MACPAC analysis confirms that a small number of enrollees with substantial need for long-term services and supports (LTSS) drive Medicaid spending for dual eligibles. This analysis demonstrates the need for delivery system reforms and payment solutions that are targeted to specific subgroups of the dually-eligible population.
- **State Medicaid policies for payment of Medicare premiums and cost sharing.** MACPAC presents new information on state policies for Medicaid payment of Medicare premiums and cost sharing for inpatient hospital, outpatient hospital, skilled nursing facility, and physician services.
- **Rate setting for dual eligible enrollment in integrated managed care programs.** Several states have proposed serving dual eligibles through risk-based managed care plans under the CMS financial alignment demonstrations. This chapter reviews state experiences with existing integrated care programs, such as Medicare Advantage dual eligible special needs plans (D-SNPs) and Program of All-inclusive Care for the Elderly (PACE) plans. The chapter also explores the details of capitation rate development and refinement for high-cost high-need enrollees, focusing on the complexities of accounting for LTSS use.

“This report takes a deeper look at some of the complex policy issues related to dual eligibles,” said Anne L. Schwartz, Ph.D., executive director of the Commission. “It also provides a foundation for future MACPAC work on how to design policies that provide incentives for care that is cost effective and responsive to beneficiary health needs.”

In addition, the report provides an update to its March 2012 MACStats, a standing data supplement for all MACPAC reports to the Congress. Findings of note include relatively low growth in Medicaid spending (with total spending growing by just 1 percent between 2011 and 2012) and relatively low enrollment growth. The number of individuals ever covered by Medicaid grew by less than 2 percent, from an estimated 71.7 million in FY 2011 to 72.6 million in FY 2012, and CHIP enrollment grew from 8.2 million to 8.4 million.

The March 2013 *Report to the Congress on Medicaid and CHIP* can be downloaded from MACPAC’s website: www.macpac.gov. For more information, contact Molly McGinn-Shapiro at 202-273-2460.