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June 2, 2015

The Honorable Sylvia Mathews Burwell  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

**RE: CMS 2392-P “Medicaid Program; Mechanized Claims Processing and Information Retrieval Systems (90/10)”**

The Medicaid and CHIP Payment and Access Commission (MACPAC) appreciates the opportunity to comment on the proposed rule from the Centers for Medicare & Medicaid Services (CMS) entitled “Medicaid Program; Mechanized Claims Processing and Information Retrieval Systems (90/10)” (73 *Federal Register* 20455, April 16, 2015).

MACPAC is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of Health and Human Services (HHS), and the states on a wide range of topics related to Medicaid and the State Children’s Health Insurance Program (CHIP). The Commission is also charged with reviewing regulations that affect access, quality, or efficiency of health care for the Medicaid and CHIP populations.

The proposed rule would permanently extend the enhanced 90 percent federal matching rate for Medicaid eligibility systems as part of the existing regulations for Medicaid mechanized claims processing and information retrieval systems, as well as update the conditions and standards for such systems. CMS has also announced an extension, through 2018, of the waiver of cost allocation rules that ordinarily require other human services programs, such as Temporary Assistance to Needy Families (TANF) and the Supplemental Food and Nutrition Program (SNAP), to share with Medicaid in the cost of upgrading and building integrated eligibility systems.



The Commission supports an extension of the enhanced federal matching rate for Medicaid eligibility systems for the reasons outlined below.

**Eligibility process improvement.** An extension of enhanced federal matching for systems upgrades allows states to finalize the transition to modified adjusted gross income (MAGI) rules required by the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended) over a longer time frame and will help states respond to future changes in technology and Medicaid policy. Although states have made a number of improvements to their pre-ACA eligibility and enrollment systems, more work is required to finalize these upgrades, such as completing the shift to administrative renewals and the reliance on electronically available data for verification. States may also wish to consider additional improvements that ease the process for beneficiaries and state administrators, such as migrating non-MAGI Medicaid populations into their upgraded systems and integrating or reintegrating their systems with other human services programs. The Commission supports the goal of program simplification and thus supports efforts by CMS and the states to develop systems that encourage a streamlined and seamless approach to eligibility determination systems and processes across human services programs, such as SNAP and TANF, as well as between Medicaid, CHIP, and exchange coverage.

**Enhanced data collection and reporting.** A continuation of enhanced FMAP tied to concrete performance standards can also help to improve state data quality and reporting, which are important both for policy analysis and program accountability. In its March 2011 and June 2013 reports to Congress, the Commission noted the need for continued improvements in this area. It also cited the critical role of adequate staffing, funding, and other support at both the federal and state levels in ensuring further progress. Improving data collection and reporting remains an important goal, and the proposed extension of enhanced federal match for Medicaid eligibility systems and the accompanying standards may help to speed the resolution of issues that have contributed to delays or difficulties in data collection and reporting.

**Extending administrative capacity.** The approach in the proposed rule speaks to several state capacity challenges identified by the Commission in its June 2014 report to Congress, including disincentives for administrative spending, increasing system demands and complexity, and a lack of administrative performance measures and standards. The enhanced federal match for systems upgrades is an investment in state administrative capacity that should result in more efficient and accurate eligibility determinations. By tying the enhanced funding to specific and measurable performance standards, CMS provides a strong incentive for states to improve their systems and processes in a manner that furthers the objectives of efficiency and economy while still allowing state flexibility. Other aspects of the proposed rule—including requirements for risk mitigation plans, identification of key systems development personnel, and documentation that enables operation of the system by different users—underscore the importance of strengthening human capital within state Medicaid programs, as well as developing plans for contingencies in the event that a particular upgrade is unsuccessful or a vendor is replaced.



The Commission recognizes the importance of ongoing federal investment in eligibility and enrollment system improvements. Upgrades and enhancements to decades-old systems will help simplify and streamline the eligibility process for beneficiaries and states, lead to improvements in data reporting and collection, and extend the administrative capacity of state Medicaid programs. We appreciate the opportunity to provide comments on this proposed regulation.

Sincerely,



Diane Rowland, ScD  
Chair

cc:  
The Honorable Orrin G. Hatch, Chairman, Committee on Finance, U.S. Senate  
The Honorable Ron Wyden, Ranking Member, Committee on Finance, U.S. Senate  
The Honorable Fred Upton, Chairman, Committee on Energy and Commerce, U.S. House of Representatives  
The Honorable Frank Pallone Jr., Ranking Member, Committee on Energy and Commerce, U.S. House of Representatives

