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MACPAC Releases March 2020 Report to Congress

Commission looks at safety-net hospital payment, reporting on quality measures, and demonstration program evaluations

The Medicaid and CHIP Payment and Access Commission (MACPAC) today released its March 2020 *Report to Congress on Medicaid and CHIP*, highlighting three issues of ongoing interest to Congress: payment to safety-net hospitals; the quality of behavioral health care and care provided to children who have health coverage through Medicaid or the State Children’s Health Insurance Program (CHIP); and the timeliness and quality of evaluations of Medicaid demonstrations.

“This report looks at several timely policy questions,” said MACPAC Chair Melanie Bella. “How well do federal policies for making disproportionate share hospital (DSH) payments relate to measures of need such as the level of uncompensated care and rate of insurance coverage? Will states be ready to meet an upcoming statutory deadline for reporting on quality measures for behavioral health and children’s care? And, what can be done to ensure that evaluations of Section 1115 waivers produce useful information for policymakers?”

Chapter 1 of the March report contains the annual analysis examining Medicaid DSH policies. As in previous years, the Commission continued to find little meaningful relationship between states’ DSH allotments and the number of uninsured individuals; the amounts and sources of hospitals’ uncompensated care costs; and the number of hospitals with high levels of uncompensated care that also provide essential community services for low-income, uninsured, and vulnerable populations. MACPAC has been required by statute to report on these indicators of hospitals’ need for DSH funds since 2016.

The latest data examined in Chapter 1 showed an increase in the number of uninsured individuals and in the amount of hospital uncompensated care, in contrast to declines that the Commission tracked in previous years. At the same time, hospitals are facing reductions in DSH allotments that were originally authorized under the Patient Protection and Affordable Care Act (P. L. 111-148, as amended), which are scheduled to go into effect in May. The Commission also took a deeper look at obstetric services in DSH hospitals, which are among the 10 essential community services that the Commission studies as part of this annual analysis. The Commission found that in state plan year 2015, 70 percent of rural DSH hospitals had obstetric units compared to 81 percent of urban DSH hospitals. Only 28 percent of rural DSH hospitals were equipped to provide obstetric services for complicated births, compared to 81 percent of their urban counterparts.

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[Chapter 2](#) examines state readiness to meet the requirement, mandated by Congress, to report starting in fiscal year 2024 on the core set of quality measures for children enrolled in Medicaid and CHIP and the core set of behavioral health measures for adults enrolled in Medicaid. States and the Centers for Medicare & Medicaid Services (CMS) have begun to prepare for mandatory reporting. Although the deadline is still several years away, the Commission observed that even though states and CMS have time to develop implementation parameters, make changes, and address challenges, those efforts require resources and sustained attention. In particular, the Commission pointed out that one important step still pending is CMS guidance defining how states must comply with reporting requirements.

[Chapter 3](#) discusses state-led evaluations of demonstration programs conducted under Section 1115 waiver authority and the usefulness of these evaluations to support decision making. Given the importance of gathering evidence to inform decisions about the future of a demonstration policy, states should be rigorous in the measures and data sources they use to assess whether the demonstration is making progress toward its objectives. Among other issues, the chapter addresses methodological and administrative challenges states face in conducting these statutorily required evaluations. The chapter relied heavily on perspectives shared at a November 2019 MACPAC roundtable of state and federal Medicaid officials, evaluators of state demonstration programs, researchers, and other stakeholders. Although the Commission did not identify a need for action at this time, it plans to continue to monitor how states and CMS carry out evaluations and how evaluations are used in decision making.

Download the March 2020 [Report to Congress on Medicaid and CHIP](#) and each of its chapters—[Annual Analysis of Disproportionate Share Hospital Allotments to States](#), [State Readiness to Report Mandatory Core Set Measures](#), and [Improving the Quality and Timeliness of Section 1115 Demonstration Evaluations](#)—at macpac.gov.

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ABOUT MACPAC

The Medicaid and CHIP Payment and Access Commission is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children’s Health Insurance Program (CHIP). For more information, please visit:

www.macpac.gov.

