State Budget Trends: Federal Health Policy Landscape

Westrends Board
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Overview

- Background and Context
- Federal Health Policy Landscape
- Takeaways for Western State Legislators
Background and Context
National Association of Medicaid Directors

- Bi-partisan, standalone association
- Represent 56 Medicaid directors, including DC and territories
- Our mission is to...
  - Be the **consensus voice** of state Medicaid Directors in federal policy process
  - Support **sharing of best practices** around key state priorities
Medicaid’s Role in States & Communities

- Helps working families out of poverty
- Keeps people as independent & healthy as possible
- Reduces the burden of uncompensated care on hospitals & providers
- Primary payer for long-term services and supports for seniors & people with disabilities.
- Essential in battling opioid crisis
- Efficient & cost effective
- Comprehensive health care for 74 million Americans
Estimated Enrollment by Population Category, Fiscal Year 2015

- Children: 41%
- Adults: 22.2%
- Expansion adults: 13.3%
- Persons with disabilities: 15.3%
- Aged: 8.2%

Medicaid’s Share of State Budgets (SFY 2015)

Source: Medicaid and CHIP Payment and Access Commission, Distribution of Medicaid, Education, and All Other Spending from Total State Budgets versus State-Funded State Budgets, SFY 2015
Being a Medicaid Director in 2017…

- Running a Fortune 50 company
- Driving innovations that improve quality and deliver value for taxpayer dollar
- Wise stewards of ~25 percent of the state’s budget
- Monitoring the potential congressional action
- Establishing and navigating new relationships at CMS
- Negotiating major contracts with health plans, delivery systems, information system vendors, etc.
Federal Health Policy Landscape
Three Front Burner Issues

1. Repeal and replace of Affordable Care Act & Medicaid reform (congressional)

2. New leadership at HHS and promise of state flexibility (Administration)

3. CHIP reauthorization (congressional)

*Potential for sizable impact on state budgets.*
1. Repeal and Replace & Medicaid Reform

- CBO: $834b reduction in federal Medicaid funds over 10 years

**Senate** - Better Care Reconciliation Act (BCRA), repeal and delay, and skinny repeal: failed Senate.
- CBO: BCRA $772b reduction in federal Medicaid funds over 10 years.

**What’s Next?**
- 12 legislative working days in FY2017
  - Graham-Cassidy bill?
  - Bi-partisan reforms to individual market?
- **Bottom line:** health reform unlikely before Oct. 1
1. Repeal and Replace & Medicaid Reform

Where does NAMD stand?

- **Bipartisan**
  - No position on repeal and replace
  - No position on per capita caps or block grants
  - Involve State Medicaid Directors as trusted auto mechanic

- **Medicaid reform must avoid the transfer of financial risk onto the states**
  - Transfer of financial risk = reducing federal $ but requiring states to cover same populations, benefits, etc.
  - Changes in federal funding must be accompanied by clear statutory changes to give states flexibility to manage program

- **Federal Medicaid reform must be thoughtful & deliberate**
2. New Leadership at HHS and Promise of State Flexibility

- **Process changes**
  - State plan amendments
  - Rate reviews

- **State flexibility and waivers**
  - 1332 waivers (individual market)
  - Section 1115 waivers (Medicaid)

- **Potential regulatory changes**
  - Managed care rule
  - Home and community-based settings rule
  - Access monitoring regulation
2. New Leadership at HHS and Promise of State Flexibility

Where does NAMD stand?

- Strengthen federal-state partnership that underpins Medicaid
- Improve SPA and waiver processes
- Work with states to address key regulatory barriers & support state Medicaid innovation
3. Children’s Health Insurance Program (CHIP) Funding

- Funding is set to expire on Sept. 29, 2017
- CHIP covers 8.4 million children (FY15)
- Generally bi-partisan support in Congress for extending CHIP. Debate is around:
  - Whether to continue 23% enhanced FMAP
  - Maintenance of effort requirement for kids
- Timing of CHIP reauthorization uncertain
3. Children’s Health Insurance Program (CHIP) Funding

*Where does NAMD stand?*

Congress should act quickly to continue CHIP funding

- Failure to extend CHIP funding will have state budget and coverage impacts
  - CHIP provided $9.7 billion in federal funds to states in FY15
  - Transition children onto exchanges: affordability and coverage questions
- Delay has operational implications for states
- Ending the 23% enhanced FMAP = state budget impact ($10s-$100s of millions)
Takeaways for Western State Legislators
Takeaways for Western State Legislators

- The federal health policy landscape is fluid.
- Potential activity on Medicaid and CHIP could have significant state budget impacts.
  - Important to avoid the transfer of financial risk from federal government onto states.
- Opportunity for Administration to strengthen the federal-state partnership that underpins Medicaid.
- In spite of federal uncertainty, Directors continuing to drive innovations and deliver high quality care.
Questions?

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