ASSOCIATION

George V. Voinovich
Governor of Ohio
Vice Chairman

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5300

Medicaid and Children's Health
Major Conference Issues
July 1997

PROGRAMMATIC FLEXIBILITIES

Boren Amendment – House includes an 18-month rate freeze, Senate passed complete repeal. *Support Senate.*

Medicaid reimbursement rates for QMBs and dually eligible. House did not act, Senate includes clarification that Medicaid rates are sufficient. *Support Senate, recommend inclusion of language clarifying retroactive protection.*

Cost-based reimbursement. House passed phased-down elimination. Senate maintained existing mandates for FQHCs and RHCs and extended mandate to include clinics participating in managed care networks. *Support House.*

Cost-sharing. House prevents cost sharing for preventive benefits; permits sliding scale based on income. Senate bill includes a restriction on cost sharing for children in families with incomes below 150% of poverty. NGA policy argues that states must be free to establish appropriate cost sharing requirements that take into consideration families' ability to pay. *Oppose Senate's blanket ban on cost sharing for children from families with incomes below 150% of poverty.*

PACE. House language expanding the ability of states to participate in the PACE program is more state friendly than the Senate's, because it allows states with PACE demonstrations to maintain their current programs and gives states the ability to control enrollment. *Support House.*

MEDICAID SAVINGS

Overall savings. The level of DSH savings should be kept as low as possible, reflecting savings achieved through management flexibility reforms and the contribution Medicaid has already made to deficit reduction.

Restrictions on IMD-DSH. House did not include restrictions. Senate DSH package restricts spending within a state's allocation on institutes for mental disease (IMDs). *Support House decision not to restrict use of state DSH allocation.*

DSH retargeting. The House defeated amendments to require certain facilities to be held harmless from DSH cuts. The Senate calls on the states to prioritize payments on the basis of low-income and Medicaid utilization rates. *Support House.*

DSH leakage. Regardless of how DSH cuts are structured, it is critically important that the savings target not be artificially inflated by CBO assumptions regarding leakage.

MANAGED CARE

Boren-like provision. House did not include provision. Senate passed bill mandates that rates be determined by an independent actuary to be sufficient. CBO estimates a cost of at least $200 million, attributable to lawsuits over capitation rates. *Support House.*

Solvency standards. House maintains state role in overseeing managed care solvency. Senate calls upon Secretary of HHS to develop solvency standards. *Support House.*

External reviews/accreditation. The Senate external review requirements are too prescriptive and limit the ability of states to take advantage of evolving quality measurement tools. *Support the House's Medicaid managed care quality provisions.*

CHILDREN'S HEALTH

Participation thresholds. House did not create barriers to participation. Before a state can participate in the Senate program, it would be required to make eligible for Medicaid all children under age 17 from families with incomes below 100% of poverty immediately, and then all children under age 19 by 2000. *Support House.*

Benefit package. House permits states to design the benefits package. Senate mandates use of equivalent to the Blue Cross standard option preferred provider plan, plus mental health parity, vision and hearing. *Support House.*

Matching requirement. House package includes an 80-20 match. Senate formula is more complicated. It is based on a state's Medicaid matching rate, plus bonuses for previous Medicaid expansions and credit for children covered under the new program. NGA policy states that if any state-matching requirement is included in a new children's program, it must be minimal in order to encourage participation.

Eligibility. The House includes eligibility corridors based on individual state Medicaid eligibility levels. The Senate restricts use of new funds to children from families with incomes below 200% of poverty. *Oppose the Senate's eligibility ceiling,* because states should be able to define eligibility criteria to determine who would receive coverage under a new program, consistent with Governors' goal of extending coverage to currently uninsured children, while giving priority to children from families with greatest need.

Maintenance of effort. NGA policy supports a children's health program that covers currently uninsured children, giving priority to children from families with the greatest need. The House includes no explicit maintenance of effort, but prohibits use of new funds for children who would have been eligible for Medicaid prior to June 1, 1997. Senate includes explicit and far-reaching MOE, including requirements that states continue spending on state-only programs related to children's health and reimbursement for uncompensated care. *Oppose Senate.*

Blending option. The conference committee should clarify that a state would have the ability to choose to access their allocation in a new children's program through a blended combination of Medicaid and a block grant.

MULTIPLE EMPLOYER WELFARE ARRANGEMENTS

State preemption. The House reconciliation package includes HR 1515, a bill that would federalize the regulation of health insurance by permitting a broad range of arrangements to qualify as federally certified association health plans and exempting them from state insurance laws. The Senate bill does not include a similar section. *Support Senate.*