

Partnership for Medicaid

March 18, 2011

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry A. Waxman
Ranking Member
Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, DC 20515

The Honorable Joseph R. Pitts
Chairman
Health Subcommittee
420 Cannon HOB
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
Health Subcommittee
237 Cannon HOB
Washington, DC 20515

Dear Chairman Upton, Chairman Pitts, Ranking Member Waxman, and Ranking Member Pallone:

During the 112th Congress, it is our understanding that the Energy and Commerce Committee will examine the structure and many of the fundamental policies governing the Medicaid program. As you begin this important work, the Partnership for Medicaid – a non-partisan, nationwide coalition of safety-net providers and other key organizations with a role in delivering services to Medicaid enrollees – is writing to offer our unique perspective as stakeholders in the program. The Partnership is committed to strengthening Medicaid's long-term financial health and assuring that the program continues its crucial role as a safety net for our nation's most vulnerable populations.

Over the past year, the Partnership undertook significant work on multiple fronts. We supported policies to rationalize Medicaid eligibility rules in order to provide cost-effective care to more uninsured people. We also helped inform the work of the bipartisan *National Commission on Fiscal Responsibility and Reform* last year. Our recommendations to the Commission are directly related to the work now underway in your Committee.

As the Committee considers potential changes to the policies, structure and financing of Medicaid, the Partnership believes our principles can help serve as a guide for putting Medicaid on a better path forward for states and the federal government while also ensuring the program can provide the necessary care for vulnerable Americans today and under updated eligibility rules beginning in 2014. As a starting point, any such efforts should maintain the federal guarantee of Medicaid coverage, services and consumer protections for low-income Americans. This includes ensuring that Medicaid coverage is stable and affordable for enrollees and that delivers high quality care.

Proposals to limit or cap the federal financing of Medicaid have substantial and complex implications for federal and state governments, providers, and vulnerable Americans who are eligible for Medicaid. We are concerned that these will ultimately burden states and localities and threaten access to needed services for low-income people. As you know, low-income individuals who are not enrolled in Medicaid continue to have a need for health care services. In turn they often access care in ways that lead to increases in uncompensated care or inefficient use of services, for example seeking treatment in emergency room settings. The costs for such inefficient use of services in our health care system are borne in other ways by the federal government, states, providers, and individuals – both as patients and taxpayers.

We believe Congress can put Medicaid on a more sustainable path by examining additional ways to encourage innovation in new delivery system models, greater integration, care coordination and other efficiencies. Over the next several years, states will begin testing of several new models of accountable and value-based provider arrangements that hold potential as we move from a system that pays claims to a system that rewards better health outcomes. We should evaluate the effectiveness of the new delivery systems models in reducing costs and improving quality over the long term, while also seeking new opportunities for innovation and value.

The Partnership looks forward to working with the Committee on Energy and Commerce in a bipartisan manner to develop viable solutions to improve the quality and delivery of services, with the aim of constraining costs without undermining the program's fundamental goals.

Sincerely,

American Academy of Family Physicians
American Academy of Pediatrics
American College of Obstetricians and Gynecologists
Association for Community Affiliated Plans
Association of Clinicians for the Underserved
Medicaid Health Plans of America
National Association of Community Health Centers
National Association of Counties
National Association of Public Hospitals and Health Systems
National Council for Community Behavior Healthcare
National Health Care for the Homeless Council

Cc: All Members, Energy and Commerce Committee