

ACHP Position on Core Elements of the American Health Care Act

ACHP's community health plans and provider organization members play a critical role in improving the health of Medicaid enrollees, 74 percent of whom receive benefits through a managed care organization. This partnership between the public and private sector provides a vital safety net and a path to self-sufficiency for millions of working Americans.

Medicaid currently insures more than 74 million people or one in five Americans and is also the primary payer for long-term care services for the elderly and disabled. The expansion of eligibility and enhanced care coordination and benefits in Medicaid have been a major factor in reducing the number of uninsured Americans, lifting millions out of poverty and improving the quality of care in the states.

ACHP plans are nationally recognized leaders in delivering innovative, high quality and affordable coverage and care to underserved communities and populations. Partnering with providers, they look beyond traditional drivers of health outcomes by addressing underlying social, economic and environmental factors. Together, ACHP's member plans lift and improve their communities by providing coverage and care to about 19 million Americans across 27 states and the District of Columbia.

The reduction of federal funds for the Medicaid program proposed in the American Health Care Act would significantly alter the gains in eligibility, coverage and benefits achieved in those communities over the last several years and would negatively impact local hospitals and economies due to the rise in uncompensated care. ACHP offers the following comments on certain provisions in the proposed legislation.

Repeal of Medicaid Expansion

ACHP believes that maintaining the federal commitment to enhanced Medicaid funding is necessary to ensure that Americans who receive care through the Medicaid expansion do not lose essential coverage. We recommend states continue to have the option to extend coverage to adults above 138 percent of the federal poverty level with an enhanced match rate.

The Medicaid expansion option has resulted in more than 11 million newly enrolled low-income adults across 31 states and the District of Columbia. ACHP members have invested significantly in integrated care coordination and case management programs to provide Medicaid enrollees with appropriate medical services and social supports.

We believe the proposed legislation would move away from our member plans' long record of improving the health of our communities. Our plans have found that many single and childless adults relying on Medicaid have significant challenges often requiring behavioral health and substance abuse services along with extensive care coordination. Given the opioid epidemic afflicting every corner of our nation, removing coverage for these populations is of

great concern and jeopardizes the progress being made to combat this threat to the public's health. Currently an estimated 1.3 million people receive treatment for mental health and substance abuse disorders under the Medicaid expansion.

Research has shown that the average monthly medical expenditure for an adult enrolled in Medicaid for 12 months is approximately two-thirds the level of a person enrolled for six months, and half the cost of a person enrolled for one month. Due to the added costs associated with eligibility determinations and the diminished continuity of care for enrollees, we recommend eliminating any incentives for states to re-determine eligibility every six months.

ACHP member plans are leaders in delivering integrated value-based care models. Reducing federal spending will force states to reduce services or cut reimbursement rates below the already-low levels. If states can no longer afford to maintain the expansion option, the significant investments by ACHP member plans in improving coordinated care targeting at-risk sub-populations could be lost.

Per Capita Caps

Economists estimate that health care expenditures will continue to outpace broad economic variables such as the Consumer Price Index. Indexing per capita caps for the Medicaid program to these measures would quickly erode the ability of states to maintain current services.

Since its inception, the Medicaid program has grown as the needs of states have changed and federal spending has adjusted based on state decisions around policies, eligibility rules and payment rates for doctors, hospitals and nursing homes. The American Health Care Act, as proposed, would "lock in" federal funding for Medicaid beneficiaries by indexing payments to 2016 spending and, going forward, would adjust only to the medical component of the Consumer Price Index (CPI-M), which is currently projected to grow much more slowly than actual per-enrollee Medicaid spending.

The per capita cap proposal does not account for pressures on Medicaid spending at the state level, including the aging of the population, public health epidemics or the exponential growth in drug prices. It is imperative therefore that capitation rates be actuarially sound and sufficient to ensure beneficiary access to the full range of health care services and a stable Medicaid market.

Medicaid Program Design

States that have expanded Medicaid are improving the delivery and financing of health care in demonstrable ways, and ACHP member plans are at the forefront of those improvements. ACHP supports the maintenance of comprehensive benefits that are clinically informed and meet the needs of the population.

In addition, the development of network adequacy rules must focus on measures of actual access,

including timeliness, coordination and quality of care, patients' clinical outcomes and patient satisfaction levels. We support deference to state regulators in the current Medicaid network adequacy rule so that they can determine the needs of people in their states.

The Medicaid program also needs a sustained and clear focus on paying for quality at the state and federal levels. ACHP supports more consistency and coordination of reporting requirements and the standardization of quality measures. Medicaid quality measures should be relevant to the Medicaid population and used by the Health Effectiveness Data and Information Set (HEDIS) or Consumer Assessment of Healthcare Providers and Systems (CAHPS). We also support public reporting of this information in a format that is easily understood by the consumer.

Market Stability & Affordability

All Americans should have the opportunity to attain high-quality, affordable coverage and care, and the millions of people who have gained coverage should not lose that protection. ACHP believes that financial assistance can be provided through a variety of mechanisms, but the support must be sufficient for individuals and families to purchase coverage. If tax credits are used, ACHP recommends adjusting for age, income and geographic cost variation. In addition, we recommend indexing to keep pace with the growth of health care costs as well as additional supports to assist low-income enrollees manage out-of-pocket costs including deductibles and co-pays.

To further promote stability, ACHP recommends immediate implementation of risk mitigation efforts such as the proposed Patient and State Stability Fund and consider additional measures such as a dedicated reinsurance program to ensure long-term stability of the individual market. We again encourage state flexibility in establishing market area risk adjustment.

Conclusion

The American Health Care Act would sharply reduce federal funding of the Medicaid program over time and increase uncompensated care costs for states and communities. ACHP urges policymakers to ensure Medicaid remains an actuarially sound program meeting the needs of states and some of our nation's most vulnerable citizens.

Similarly, ACHP recommends adequate financing over the long term for working Americans to purchase coverage through the individual market. Maintaining the Medicaid safety net and a robust individual market are key components in the health and economic vitality of our nation.