

03-05

STATEMENT OF POLICY

Changes to the Medicaid Program

Policy

The National Association of County and City Health Officials (NACCHO) recognizes the importance of the Medicaid program in providing healthcare services to vulnerable low-income Americans and legal residents. Medicaid is unique because of the federal, state, and county partnership in its administration and financing. NACCHO encourages local health officials to remain aware of and contribute to the planning and discussion surrounding proposed changes to the Medicaid program in states and at the federal level.

NACCHO supports Medicaid policy that does the following:

1. Promotes and ensures access to appropriate preventive services, medical, long-term and mental healthcare for low-income families, children, pregnant women, elderly, and people with disabilities in a manner that will increase positive health outcomes and improve the health status of these populations;
2. Requires states, in consultation with county and city governments, to set Medicaid reimbursement rates at levels that do not discourage providers from accepting Medicaid patients; (i.e. parity with Medicare payment levels in 2013-2014 for primary care physicians as enacted in the Patient Protection and Affordable Care Act (ACA))
3. Enhances federal payments to states in times of severe economic strain that should be passed through to counties and cities commensurate with their contribution to the non-federal share; and
4. Expands eligibility for Medicaid to individuals up to 133 percent of the poverty level and eliminates categorical eligibility requirements and pre-existing condition exclusions.

NACCHO opposes legislative or administrative changes to Medicaid that would significantly diminish this important safety net program including the following:

1. Capping the amount of the federal contribution to Medicaid or converting Medicaid from an entitlement program to a fixed federal payment (or Block Grant) program with reduced federal payments;
2. Eliminating state Maintenance of Effort requirements; and
3. Instituting citizenship and identity documentation requirements for Medicaid eligibility that delay service delivery.

Justification

Medicaid is the nation's largest source of healthcare coverage in the United States, covering approximately 60 million American citizens, the majority of which are women and children.¹ Medicaid predominantly provides services to low-income children and families, people with disabilities, and the elderly. States and the federal government finance Medicaid. The federal share is the federal medical assistance percentage, which is individually calculated for each state. In many states, counties and cities are ultimately responsible for the provision of healthcare to the uninsured and rely heavily on the Medicaid program for support. Twenty-seven states require counties to help finance their Medicaid programs.



The ACA established a framework for near-universal coverage that relies heavily on Medicaid as the foundation of coverage of low-income Americans. In January 2014, Medicaid eligibility will be based solely on income of up to 133 percent of the poverty level. The law establishes uniform methods for determining Medicaid eligibility and has requirements to simplify enrollment procedures. Incentives will be offered to increase provider participation and to encourage states to cover preventive services. About 16 million more people are projected to gain Medicaid or Children's Health Insurance Program (CHIP) coverage by 2019. The Congressional Budget Office estimates that the federal government will finance about 96 percent of the coverage increases associated with reform between 2010 and 2019 (\$434 billion), and states will contribute four percent (\$20 billion).²

On average, Medicaid spending makes up 21 percent of a state's budget.³ States are concerned about the ever-growing cost of the program and are seeking relief from some of the Medicaid requirements in the ACA. There are efforts in Congress to address governors' concerns and the cost to the federal government. Examples of policies under consideration include repeal of the Medicaid expansion and conversion of the federal share of Medicaid spending into a block grant indexed for inflation and population growth and elimination of the Maintenance of Effort requirements established in the ACA that require states to maintain their current eligibility standards for Medicaid and CHIP through January 2014 for individuals who would have been eligible for either program as of March 23, 2010.

If successful, rolling back of the current Medicaid program or blocking the 2014 expansion will affect public health services. Capping or block-granting Medicaid will likely shift costs to states and local governments, healthcare providers and individuals least able to afford them, and jeopardize access to needed services for millions of people including people with disabilities. Such actions could result in many more individuals becoming uninsured, compounding current problems of lack of coverage, overuse of hospital emergency departments, limited access to long term care services and increased healthcare costs. The public health system is in a state of change due to a continual reduction in resources and capacity from all levels of government. Many local health departments, as gatekeepers of Medicaid enrollment and the primary providers of services for those who qualify, will be among the first to experience the impact of any changes to the health insurance program.

Record of Action

Adopted by NACCHO Board of Directors

September 2003

Updated January 2007

Updated July 2011

References

¹ The Henry J. Kaiser Family Foundation. Medicaid: A Primer (2010). Retrieved on June 22, 2011, from <http://www.kff.org/medicaid/upload/7334-04.pdf> on June 8, 2011.

² Congressional Budget Office. Cost estimate for the amendment in the nature of a substitute for H.R. 4872, incorporating a proposed manager's amendment made public on March 20, 2010. Retrieved on June 22, 2011, from <http://www.cbo.gov/ftpdocs/113xx/doc11379/AmendReconProp.pdf> on June 8, 2011.

³ National Association of State Budget Officers. FY2009 State Expenditure Report. Retrieved on June 8, 2011, from <http://www.nasbo.org/LinkClick.aspx?fileticket=w7RqO74lEw%3d&tabid=38>.