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ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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July 3, 2013

Mr. Anthony E. Keck  
Director  
South Carolina Department of Health and  
Human Services  
P.O. Box 8206  
Columbia, SC 29202-8206

Dear Mr. Keck:

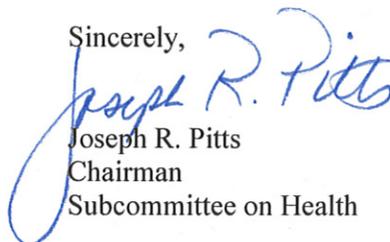
Thank you for appearing before the Subcommittee on Health on Wednesday, June 12, 2013, to testify at the hearing entitled "The Need for Medicaid Reform: A State Perspective."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by the close of business on Friday, July 19, 2013. Your responses should be mailed to Sydne Harwick, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515 and e-mailed in Word format to [Sydne.Harwick@mail.house.gov](mailto:Sydne.Harwick@mail.house.gov).

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Joseph R. Pitts  
Chairman  
Subcommittee on Health

cc: The Honorable Frank Pallone, Jr., Ranking Member, Subcommittee on Health

Attachment

## Attachment—Additional Questions for the Record

### The Honorable Joseph R. Pitts

1. Most states have implemented Medicaid managed care to some degree, but there remain certain areas of the program that do not have much managed care penetration, such as long-term care and behavioral health. Obviously, there are valid concerns about these especially vulnerable populations, but as Medicaid costs continue to balloon, do you see a need for more managed care in these areas? If so, what kind of rules, if any, should the Congress or the Administration give states with regard to Medicaid managed long-term care and/or behavioral health? Are there particular state programs that serve as an effective model for how to implement managed care in these areas of Medicaid?
2. Much news has been made in recent months about using Medicaid dollars to enroll individuals in private coverage through the state exchanges. What federal barriers exist for states to exercise this option, and what unanswered questions do states have with regard to premium assistance?

### The Honorable Michael Burgess

1. The Medicaid statute 1903(m)(2)(iii) requires that state payments to managed care entities be made on an actuarially sound basis. In 2009, the Government Accountability Office (GAO) was asked to investigate CMS's oversight of the state's compliance in meeting the statutory requirement. The GAO found that "CMS has been inconsistent in reviewing states' rate setting for compliance with the Medicaid managed care actuarial soundness requirements, which specify that rates must be developed in accordance with actuarial principles, appropriate for the population and services, and certified by actuaries."
  - a. Can you explain how your state analyzes, interprets and calculates payments made to managed care entities on an actuarially sound basis?
  - b. What methods are used to determine if rates paid to managed care entities are actuarially sound?
  - c. What methods are used to confirm the accuracy of data used in computing actuarial soundness? Are the plans consulted to confirm accuracy of the data?
2. In your testimony you highlight the false illusion that health insurance equals access, and therefore leads to health. As the Affordable Care Act further extends health insurance coverage to millions of more Americans, your point becomes even more valuable. However, there are specific issues within Medicaid that create a disincentive for physicians to accept patients with Medicaid coverage.

The federal government has attempted to manage Medicaid expenditures through maintenance of effort requirements and by focusing on combating fraud and abuse.

- a. How has the federal maintenance of effort requirements affected state Medicaid rates?

- b. How can we move toward determining a comparable value for Medicaid across states?
3. Nearly 10% of Medicaid beneficiaries have third-party coverage, in addition to their Medicaid coverage. In these circumstances, the third party payer is required to pay prior to Medicaid, as Medicaid, by statute, is the “payor of last resort”. The Deficit Reduction Act of 2005 worked to ensure Medicaid is the payer of last resort by requiring states to amend their Medicaid programs with certain provisions.
  - a. Are you aware of what challenges states continue to face in recovering third-party payments?
  - b. What impediments prevent third-party payers from following through on their payments?
4. How does the recent increased use of managed care in Medicaid influence third-party liability issues?
5. The dramatic expansion of Medicaid under ACA exacerbates the administration complexity of determining eligibility and tracking enrollees. How would this additional complexity influence the ability of states to ensure third-parties pay what they are responsible for?

#### **The Honorable Cathy McMorris Rodgers**

1. For many states, innovations and reforms in their respective Medicaid programs translate into not only improved quality of care but substantial monetary savings. Section 1115 is intended to allow states to test these innovations. Yet, as we know from experience, CMS’s implementation of the 1115 waiver process has been slow. Are there ways that the waiver process can be updated to improve the approval process? For example, if there are demonstration models that CMS has previously approved through the waiver process and another state would like to adopt that model, should the state have to go through the entire application process to obtain approval for a model that already has been approved?

#### **The Honorable Gus Bilirakis**

1. Can you talk about you work with states and working with CMS on obtaining an 1115 waiver? Florida took almost two years to get an 1115 Medicaid waiver for a state wide managed care plan. What have other states tried through the waiver process? How was interacting with CMS during this process, and how long did it take for CMS to approve the waiver?
2. The recent Oregon Medicaid study published in the New England Journal of Medicine seemed to show that individuals on Medicaid did not have better health outcomes than individuals without health insurance. Have you seen the study and what are your thoughts on it?