



# THE COMMITTEE ON ENERGY AND COMMERCE

## MEMORANDUM

July 3, 2013

To: Members of the Subcommittee on Health

From: Majority Committee Staff

Re: “Making Medicaid Work for the Most Vulnerable”

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On Monday, July 8, 2013, at 4:00 p.m., in 2123 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Making Medicaid Work for the Most Vulnerable.” The following memorandum provides background on the witnesses and Medicaid.

### **I. Witnesses**

Nina Owcharenko  
Director, Center for Health Policy Studies  
Heritage Foundation

Tarren Bragdon  
President & Chief Executive Officer  
Foundation for Government Accountability

Alan Weil  
Executive Director  
National Academy for State Health Policy

### **II. Medicaid**

Medicaid, a state-federal partnership program enacted in 1965, was designed as a safety net for the most vulnerable Americans. While the program covered just four million people in its first year, there were nearly 72 million Americans (more than 25 percent of the population) enrolled in the program at some point in 2012 – more recipients than any other government health care program, including Medicare.<sup>1</sup> With the implementation of the Patient Protection and Affordable Care Act (PPACA), enrollment could grow by nearly 26 million if fully implemented – resulting in the largest expansion of the program in history.<sup>2</sup>

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<sup>1</sup> Medicaid and CHIP Payment and Access Commission. Report to the Congress on Medicaid and CHIP. March 2013. Page 95. Available online at <http://www.macpac.gov/reports>

<sup>2</sup> Centers for Medicare and Medicaid Services (CMS). 2011 Actuarial Report On The Financial Outlook for Medicaid. Available online at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Financing-and-Reimbursement/Downloads/medicaid-actuarial-report-2011.pdf>

As of July 1, 2013, a majority of states have either decided to not move forward with a Medicaid expansion in 2014 or are still debating such a decision.<sup>3</sup> State deliberations regarding the expansion have received a significant level of attention over the last year. However, the Committee also has been committed to examining the current state of the Medicaid program in light of existing pressures related to growing enrollment trends, scarce resources, and increasingly difficult barriers for patients in accessing quality care.

On March 16, 2013, the Committee released a Majority staff report that outlines the current state of the Medicaid program.<sup>4</sup> The report offers an assessment of whether Medicaid beneficiaries get the appropriate, high-quality care their insured counterparts receive and what an expansion of Medicaid means for the program's current gaps. The report highlights major reasons for reform and reiterates many of the calls for action that states have made for decades.<sup>5</sup>

With federal debt at an all-time high of nearly \$17 trillion and states struggling to meet their existing budget challenges, the value of the Medicaid program will be increasingly scrutinized. As the Government Accountability Office notes, "absent any intervention or policy changes, state and local governments would face an increasing gap between receipts and expenditures in the coming years."<sup>6</sup> As such, the Medicaid program's future ability to provide coverage for the neediest, regardless of an expansion, will depend on its ability to compete with state spending for other priorities such as education, transportation, and public safety.

The fiscal health of the Medicaid program is only one of its issues; studies also have consistently shown that access to care and the quality of services provided in the program are below average. Whether it is the initial challenge of finding a primary care physician who will accept them or one who will help with follow-up care, Medicaid beneficiaries are at an unfair disadvantage when compared with other coverage groups. That lack of preventive care often leads to more significant chronic care needs and other health issues.

This hearing builds on the committee's ongoing efforts to review the program's current weaknesses and identify reasonable reforms such as those included in the policy blueprint issued by Chairman Fred Upton and Senate Finance Committee Ranking Member Orrin Hatch in May of this year.<sup>7</sup>

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<sup>3</sup>Kaiser Family Foundation. "Status of State Action on the Medicaid Expansion Decision." July 1, 2013. Available online at <http://kff.org/medicaid/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

<sup>4</sup>House Energy & Commerce Committee. "The Medicaid Check Up: Reasons for Reform." Majority Staff Report. March 2013. Available online at <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/20130318Medicaid.pdf>

<sup>5</sup>National Governors Association, "Restructuring Medicaid: Concepts, Issues, and Alternatives." Staff Paper. July 24, 1995. Available online at: <http://www.clintonlibrary.gov/assets/storage/Research%20-%20Digital%20Library/jenningssubject/Box%20008/647860-flexibility-medicaid-managed-care-3.pdf>

<sup>6</sup>GAO. "State and Local Governments' Fiscal Outlook: April 2013 Update." GAO-13-546SP. April 30, 2013. Available online at: <http://www.gao.gov/assets/660/654255.pdf>

<sup>7</sup>House Energy & Commerce Committee/Senate Finance Committee. "Making Medicaid Work" May 1, 2013. Available online at <http://energycommerce.house.gov/press-release/upton-hatch-unveil-solutions-blueprint-making-medicaid-work>

**III. Staff Contacts**

If you have any questions regarding the hearing, please contact Monica Popp at (202) 225-2927.