

Rep. Joseph R. Pitts
Opening Statement
Energy and Commerce Subcommittee on Health Hearing
“Examining the Administration’s Approval of Medicaid Demonstration
Projects”
June 24, 2015

The Subcommittee will come to order.

The Chairman will recognize himself for an opening statement.

Medicaid is a lifeline for some of our nation’s most vulnerable patients. The Administration and Congress have a duty to ensure that taxpayer dollars used for Medicaid are spent in a manner that promotes its core objectives and helps our neediest citizens.

Unfortunately, a recent report from the nonpartisan government watchdog agency, the Government Accountability Office (GAO), again raises serious concerns about the administration’s management and oversight of Medicaid funds.

Under Section 1115 of the Social Security Act, the Secretary has the authority to approve Medicaid demonstration projects that are likely to promote program objectives.

However, the GAO found that CMS did not have explicit criteria for determining whether, and did not clearly articulate how, demonstration projects met the statutory requirement to promote Medicaid objectives. GAO also reported that several state programs approved for federal Medicaid funds appeared, on their face, to be only tangentially related to improving health coverage for low-income individuals.

This Committee has a duty to ensure that taxpayer dollars used for Medicaid are spent in a manner that promotes its core objectives and helps the most vulnerable patients. Yet, GAO’s findings raise significant questions about the degree to which the Administration is consistently complying with its own criteria. These criteria were not even articulated by CMS until GAO asked. And these criteria do

not exist anywhere in CMS's regulations – they are not even listed on their website.

When CMS has a process that is not transparent nor predictable, a process in which CMS often approves a demonstration for one state but denies a similar demo for another state—that process is, understandably, perceived by states and other stakeholders as inconsistent, unfair, and unaccountable.

It is unfortunate that CMS declined to participate in this important hearing despite our best efforts. We gave the agency two weeks' notice and offered two different potential hearing dates. Nevertheless, despite all the people that work at CMS, the Administration declined to make anyone available to testify.

CMS's refusal to come today would be unfortunate under any circumstance, but it is particularly concerning since roughly one in three Medicaid dollars - nearly \$150 billion in fiscal year 2014 - are spent on 1115 demonstrations. CMS has a responsibility to Medicaid patients, to states, and to taxpayers, to be transparent with their criteria for approving or disapproving state demonstrations.

And yet, they declined to come before a committee of jurisdiction to explain their criteria or their process. The agency's absence from this hearing is really striking. Accordingly, yesterday we extended another invitation to CMS to testify before this committee on Medicaid on July 8th – and we look forward to their participation.

With that, I would like to welcome all of our witnesses for being here today. I look forward to your testimony. I yield the remainder of my time to the distinguished gentleman from Indiana, Dr. Buchson.