

American Academy  
of Pediatrics



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Statement for the Record

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On behalf of the

**American Academy of Pediatrics**

Before the

**US House of Representatives Energy and Commerce Committee Health Care Subcommittee**

On behalf of the 64,000 primary care pediatricians, pediatric subspecialists and pediatric surgical specialists of the American Academy of Pediatrics, thank you for the opportunity to comment on the US House Energy and Commerce Health Subcommittee Hearing entitled “Examining Medicaid and CHIP’s Federal Medical Assistance Percentage.” Medicaid is a critical program for children, as it insures close to two in five children in the United States. Pediatricians know that Medicaid works to address the needs of children, and is critical to the health of close 2 of every 5 children in the United States.

#### Variable FMAPs and Complexity Generally

Medicaid is a complex program, however, pediatricians know that even with this complexity, Medicaid finances critical services for the most vulnerable children in the United States. Children are not just little adults, and pediatricians are intimately familiar with situations in which they are assumed to be. In particular, pediatricians confront the reality that work to help children and families thrive is valued and financed less than work for other populations. Federal and state investments in children are lower than for almost all other US populations. From the perspective of the American Academy of Pediatrics, this prioritization is reversed. Investments in children redound to the benefit of the country. Helping children achieve their full potential will create a “multiplier effect” beyond that normally associated in Medicaid academic literature that is focused on community economic activity, and sometimes used to bolster the argument for temporary increases in Medicaid federal matching percentages (FMAPs) during economic downturns. Investments to enable children to reach their full potential will generate more job creators, strengthen US military might and incubate new ideas by creating a healthy, resilient, creative, and better-informed future society.

Except for a few special programs (eg, family planning services, American Indian/Alaskan Native populations, administrative costs), the federal government funds a different proportion of each state’s Medicaid budget. This FMAP for each state is based on a formula that relates the 3-year rolling average per capita income in the state to that for the entire United States. By law, the minimum and maximum FMAPs are 50% and 83%, respectively. Before the passage of the 2009 American Recovery and Reinvestment Act (ARRA: Pub L No. 111-5), the FMAP varied across states from 50% to 76%. Under ARRA and other FMAP “extension legislation” (Education, Jobs, and Medicaid Assistance Act of 2010 [Pub L No. 111-226]), FMAPs temporarily increased through June 2011 (eg, to a range of 62%–85% in the second quarter of fiscal year 2010). These enhanced FMAPs transiently decreased state Medicaid expenditures for fiscal year 2009 through fiscal year 2011. However, with the sunset of ARRA FMAP legislation and more Medicaid beneficiaries due to continued poor economic conditions and other factors, state Medicaid costs increased sharply in fiscal year 2012 and are expected to continue to climb through fiscal year 2019.<sup>1</sup>

Medicaid is a state-federal partnership that provides unprecedented flexibility to states to craft their program based on federal standards. States across the country have used that flexibility to mold their state’s Medicaid to address the needs of their low-income and disabled populations.

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<sup>1</sup> COMMITTEE ON CHILD HEALTH FINANCING, “Medicaid Policy Statement,” PEDIATRICS, March 2013

### Policy prescriptions

Exciting Medicaid system reform efforts have been implemented across the country, and more system improvements are just around the corner. Medical home models are being funded by Medicaid in Arkansas, Colorado, Connecticut, Louisiana, Maine Vermont, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Jersey and Maryland, New Mexico, New York, North and South Carolina, Ohio, Oklahoma, Oregon, Rhode Island, and Wyoming.<sup>2</sup> In many instances, Medicaid is working quite well.

The Academy would recommend changes to the Medicaid program, which are captured in the attached Medicaid policy statement. Most notably, the Academy would recommend changes to improve benefits in a child's medical home; financing and payment; eligibility; and outreach, enrollment and retention; interaction with managed care; and quality improvement and program integrity. More information regarding these specific recommendations is contained in the attached Medicaid Policy Statement.

Thank you for your attention to the views of the American Academy of Pediatrics.

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<sup>2</sup> See <http://www.nashp.org/state-delivery-system-payment-reform-map/>.