

Response to Questions for the Record

Examining Medicaid and CHIP's Federal Medical Assistance Percentage
Hearing before the Health Subcommittee
Energy and Commerce Committee
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The Honorable Leonard Lance

Q: GAO and OIG have made several useful recommendations to modify Medicaid and CHIP's current financing to improve efficiency and accountability. In your testimony, you explain that in coming months, MACPAC will be "focusing intensively on program financing and design questions associated with other financing alternatives such as block grants, per capita caps, capped allotments, and shared savings." So is MACPAC planning to make any concrete, specific recommendations to modify Medicaid or CHIP's current financing to ensure the sustainability and accountability of the program?

A: At the request of the leadership of the Health Subcommittee, the full Committee on Energy and Commerce, and your colleagues in the Senate, MACPAC is engaged in a long-term work plan focused on advising Congress about potential policies and financing reforms to ensure the sustainability of Medicaid. At every Commission meeting since we received the congressional request, we have dedicated time to some aspect of this issue. Our work to date has focused on documenting trends in Medicaid expenditures, looking at the drivers of this spending, considering the incentives created by the design of financing under current law, and analyzing various financing alternatives. We have also reviewed major reform proposals put forward by blue ribbon commissions, think tanks, governors' associations, and foundations going back to the 1990s, as well as reform proposals included in Presidents' budgets going back to President Reagan.

At the Commission's upcoming meeting, it will review three related chapters on these topics to be included in its June report to Congress: one presenting detailed information on Medicaid spending trends, one analyzing the major approaches to financing reform, and one discussing the tools available to states to meet the spending limits anticipated under reforms such as per capita caps and block grants. Staff also anticipate that members of the Commission will provide feedback and direction on analyses that it will need as it considers making recommendations to Congress in 2016 and beyond. We look forward to sharing the results of that discussion with you, other Members of the Subcommittee, and your staff.