



March 28, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Greg Walden
Chairman
Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20510

The Honorable Frank Pallone
Ranking Member
Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20510

Dear Chairman Hatch, Ranking Member Wyden, Chairman Walden, and Ranking Member Pallone:

On behalf of the nation's Medicaid Directors, we write to request that your Committees work to provide states with the certainty that key federal programs will continue to be authorized and funded. Specifically, we request:

1. The timely passage of legislation to fund the Children's Health Insurance Program (CHIP); and
2. Permanently reauthorizing Medicare Advantage Duals Special Needs Plans (D-SNPs), with consideration of lifting the administrative moratorium on "seamless conversion" between Medicaid managed care plans and D-SNPs.

It is critical that states be assured of the federal government's commitment to continuing its support of these programs, as states must make budgetary and operational decisions in the coming months which hinge on this commitment. Ensuring predictability for the future Medicaid landscape is key to maximizing the planning occurring now, as state legislatures are convened.



The National Association of Medicaid Directors (NAMD) is a bipartisan, nonprofit, professional organization representing leaders of state Medicaid agencies across the country. Our members drive major innovations in health care while overseeing Medicaid, which provides a vital health care safety net for more than 72 million Americans. In most states, the Medicaid agency also retains responsibility for administering CHIP, either in combination with the Medicaid program or as a standalone program.

The Medicaid program often makes up the largest budget item in a state, with program and policy decisions exerting a significant effect on both the state's and Medicaid's budgetary outlook in a given year. Consequently, as state legislatures convene and make state funding decisions which must be in place for a year or two years, depending on the legislature's schedule, it is imperative that state policymakers be fully informed of the federal landscape for Medicaid and CHIP in order to make the most appropriate decisions for their state. Programmatic uncertainty or changes in federal programs after a legislature has made these decisions may necessitate special sessions to address disruptions in service delivery, funding gaps, or other unanticipated consequences.

In the spirit of minimizing the potential for this disruption, Medicaid Directors request that Congress take timely action in this period of debate and reform discussion to provide states with certainty that the federal commitment to CHIP and the D-SNP programs will remain in place going forward.

Timely CHIP Funding is Key for State Budgetary and Operational Certainty

CHIP is a program with a record of success and bipartisan support since its creation in 1997. With federal support of CHIP, which is administered either separately or in conjunction with Medicaid at state option, the nation has seen steady improvements in health insurance coverage and access to services for children. The program also provides coverage for pregnant women, allowing access to prenatal care services which can improve long-term health outcomes for children. Financing of the CHIP program allocates a certain amount to states for each year of the program, with states drawing down the allocated funds based on a federal match specified by Congress and the administration. Medicaid agencies or agencies responsible for administering CHIP shape their budget requests to state legislatures based on this allotment and the funds needed to meet match requirements.

Currently, Congress has funded CHIP through September 2017, while the ACA requires states to maintain current eligibility levels for children through September 2019. While the September 2017 funding expiration date may suggest ample time to act to appropriate new funds for the program at the federal level, the reality for states is markedly different. The funding structure for CHIP described above necessitates budget decisions in the next few weeks, without a clear sense of whether program funding will still be in place. Further, as the program nears the end of



its Congressional funding, states will be required to notify current CHIP beneficiaries of the termination of their coverage. This process may be required to begin as early as July in some states. Additionally, states will need to begin significant administrative and operational work to wind down CHIP and its associated programs, at substantial cost, should a timely renewal of the program not be forthcoming.

We recommend Congress act swiftly to appropriate funding for CHIP to mitigate these concerns, and note the support of both HHS Secretary Tom Price and CMS Administrator Seema Verma for an eight-year reauthorization of the program. Providing states with certainty around the federal government's commitment to CHIP will ensure the program's prior successes are sustained. Additionally, we request Congress consider how the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program, which is also set to have its federal funding expire in September 2017, may factor into the future of children's health coverage, and note the bipartisan support for this program expressed by federal policymakers in a March 15 House Ways and Means Subcommittee on Human Resources hearing.

Permanent D-SNP Reauthorization Promotes Medicare-Medicaid Integration Efforts

Medicaid Directors also seek a timely and permanent reauthorization of the Duals Special Needs Plans (D-SNP) program in order to promote further programmatic and budgetary predictability for states. Dually eligible Medicare-Medicaid beneficiaries represent one of the most complex and fragile populations in the nation, with significant care needs. Integrated managed care plans such as D-SNPs present one solution to ensuring coordination of benefits across the Medicare and Medicaid programs. Sufficient coordination often does not occur, making care delivery for this population more costly and complex than necessary.

D-SNPs are currently authorized through December 31, 2018. While the need for reauthorization is not as pressing as CHIP, Medicaid Directors recommend a permanent reauthorization of the D-SNP program. Permanency for D-SNPs will facilitate states building a comprehensive, long-term strategy around these plans to drive further improvements for the dually-eligible population.

Additionally, we request that Congress, either independently or as part of a D-SNP reauthorization, work with the Centers for Medicare and Medicaid Services (CMS) to sustain and promote the use of "seamless conversion" as Medicaid beneficiaries become eligible for Medicare. Seamless conversion is the method by which an individual who is enrolled in a non-Medicare Advantage plan is able, upon gaining Medicare eligibility, to enroll in a Medicare Advantage plan from that same issuer. In the context of Medicaid, the non-Medicare Advantage Plan is a Medicaid managed care plan. Seamless conversion into an aligned D-SNP for new Medicare beneficiaries provides for improved coordination of Medicaid and Medicare benefits.

This practice has received scrutiny in other contexts, but we believe seamless conversion for the dual eligible population is categorically different from commercial coverage to Medicare transitions. Unlike commercial plans, there is typically significant overlap in the network for Medicaid managed care and D-SNP plans, which can provide for greater continuity of services and providers. States can also leverage federally required Medicare Improvements for Patients and Providers Act (MIPPA) agreements with the state Medicaid agency to establish minimum network overlap and continuity of care requirements and to require issuers have procedures to ensure case managers, care coordination, and other critical care management activities remain in place during the seamless transition, thereby promoting continuity of care for this vulnerable population. Moreover, aligned enrollment for Medicare and Medicaid benefits provides for improved coordination of critical care transitions and benefits across programs, including long-term services and supports. Unlike other Medicare members, dual eligible beneficiaries can opt out of a D-SNP plan at any time, thus providing flexibility if the beneficiary decides a different plan or original Medicare is preferred.

Currently, two states are able to use seamless conversion to promote care and coverage continuity for dual eligible members, but CMS has placed a blanket moratorium on seamless conversion due to concerns around individuals transitioning from private coverage to Medicare Advantage. We believe the data in these two states will show seamless conversion is having a positive impact for dual eligible beneficiaries, based on the very low volume of opt-outs and dis-enrollments. Over time, we anticipate data will also demonstrate that these aligned arrangements in which Medicaid and Medicare services can be delivered in a coordinated way can improve the quality and efficiency of care delivery across both programs.

Available evidence already suggests integrated Medicare-Medicaid managed care plans improve care for their beneficiaries. In the *Minnesota Managed Care Longitudinal Data Analysis*¹, which compared service utilization in a fully-integrated managed care program to a model in which Medicare and Medicaid benefits are managed separately, members in fully integrated managed care plans were:

- 48% less likely to have a hospital stay, with 26% fewer stays overall;
- 6% less likely to have an outpatient ED visit, with 38% fewer visits overall; and
- 2.7 times more likely to have a primary care physician visit, but if so, had 36% fewer visits.

NAMD encourages Congress to analyze this moratorium in the context of the Medicaid program compared to other coverage sources, noting the ability for state Medicaid agency oversight to

¹ Available at <https://aspe.hhs.gov/report/minnesota-managed-care-longitudinal-data-analysis>



leverage seamless conversion as an effective tool to align coverage and access to services for the vulnerable duals population.

We appreciate your consideration of these requests, and stand ready to provide additional information or other assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "CL", with a long horizontal stroke extending to the right.

Christian L. Soura
Director
South Carolina Department of Health and
Human Services
President, NAMD

A handwritten signature in black ink, appearing to read "Judy Mohr Peterson", written in a cursive style.

Judy Mohr Peterson
Med-QUEST Division Administrator
State of Hawaii
Vice President, NAMD

cc: Seema Verma, Administrator, Centers for Medicare and Medicaid Services