Highlighted for the Health Reform Task Force

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United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510–6200

December 13, 2016

Republican Governors Association
1747 Pennsylvania Avenue NW, Suite 250
Washington, DC 20006

Dear Governors:

Designed as a safety net for the most vulnerable Americans in 1965, Medicaid has historically been limited to low-income children, pregnant women, parents of dependent children, the elderly, and individuals with disabilities. Even before the most recent expansion resulting from the Affordable Care Act (ACA), the Medicaid program was plagued by quality issues, states were stymied in their attempts to utilize innovative solutions to improve patient care, and both federal and state Medicaid spending was growing at unprecedented, and unsustainable levels. In 2013, Chairman Hatch, in conjunction with Chairman Upton, provided several recommendations to modernize the Medicaid program based upon feedback from the states.[1] The ACA extended health care coverage to able-bodied adults not previously eligible without enacting necessary reforms to strengthen Medicaid's sustainability or address other problems. Enrollment in the Medicaid and Children's Health Insurance Program (CHIP) has increased by approximately 28 percent over the last 3 years to about 73 million beneficiaries due to Medicaid expansion in 32 states.[2]

We now find ourselves uniquely positioned to repeal the ACA, which was rife with failures and the broken promise of lowering health care costs for the American people, and advance alternatives to it. We are acutely aware that in dismantling the ACA we have a responsibility for ensuring that Medicaid continues to provide quality of care for our nation's most vulnerable citizens. In addition, we recognize that we have the opportunity to reflect on flexibilities that states have gained in recent years as well as the factors that inhibit states from pursuing innovations and responding to the unique needs of their Medicaid beneficiaries. To that end, we will convene a small roundtable of Governors in January 2017, to begin the important dialogue

[1] Chairman Fred Upton, House Energy and Commerce Committee, and Senator Orrin Hatch, Ranking Member, Senate Finance Committee, *Making Medicaid Work: Protect the Vulnerable, Offer Individualized Care, and Reduce Costs*, May 1, 2013.

[2] CMS, *Medicaid & CHIP September 2016 Application, Eligibility, and Enrollment Data*, December 1, 2016.

regarding the future of the Medicaid program. At that meeting, we will seek input on the following topics:

- How to provide states with the flexibility to design and operate innovative Medicaid programs in a fiscally responsible way?
- How to foster a more valuable partnership between states and the federal government?
- How to balance the needs of those individuals who obtained Medicaid coverage through the ACA, either through Medicaid expansion or otherwise, while ensuring the sustainability of the Medicaid program?
- How to foster parity both in resources and health care coverage among differing Medicaid programs?
- Which enacted changes, if any, should be considered as part of an ACA replacement option?
- What additional flexibilities states need to operate innovative Medicaid programs that reflect their beneficiaries' needs, and what existing flexibilities should be preserved?
- What successful state innovations could be replicated by other state Medicaid programs?
- What unnecessarily bureaucratic processes at the Federal level stymie Medicaid innovation or contribute to uncertainty in state budget planning?
- How to improve the coordination of Medicare and Medicaid services for the dual-eligible population?

Additional details about the roundtable will be forthcoming in early January. However, in the meantime we would ask that you and your staffs begin thinking through the questions outlined above so that you can send written responses to these questions in advance of the roundtable and be prepared to discuss these topics. We look forward to engaging in a discussion with you on these important issues and using that information to help create lasting policy solutions in this critical program.

Sincerely,

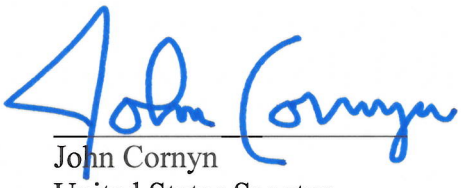
Orrin G. Hatch
Chairman

Chuck Grassley
United States Senator

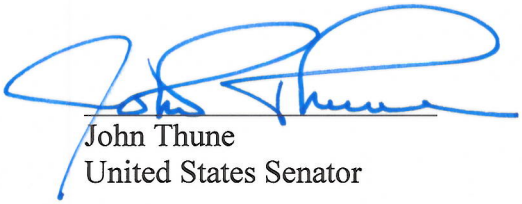
Mike Crapo
United States Senator

Pat Roberts
United States Senator

Michael B. Enzi
United States Senator

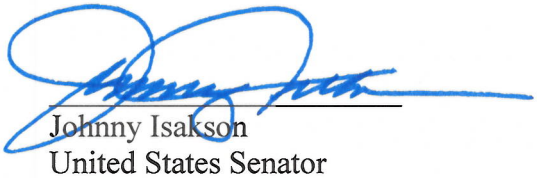


John Cornyn
United States Senator



John Thune
United States Senator

Richard Burr
United States Senator



Johnny Isakson
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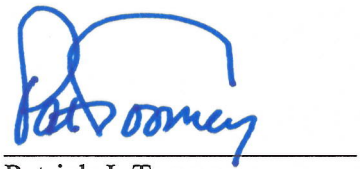
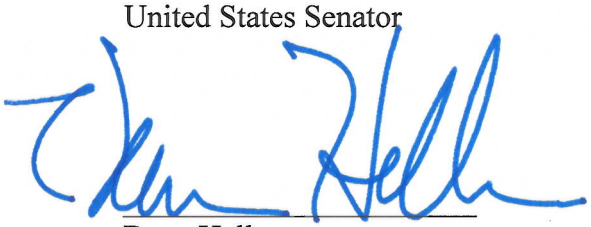
Rob Portman
United States Senator



Patrick J. Toomey
United States Senator



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United States Senator

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