



May 9, 2012

The Honorable Kathleen Sebelius
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

We are writing on behalf of the nation's Medicaid Directors regarding the efforts underway between the Department of Health and Human Services (HHS) and states to improve the integration of care for individuals dually eligible for the Medicare and Medicaid programs. All states are interested in existing and future opportunities to work in partnership with Medicare to facilitate a more efficient delivery system that provides better care and improves health outcomes for this population in a sustainable, person-centered, cost rational manner.

To this end, Medicaid Directors strongly support the Medicare-Medicaid Coordination Office's initiatives with states to identify and incorporate key components of the Medicare and Medicaid programs as we design, implement, and evaluate new delivery system models to improve the health for this population. For too long both the individuals served and the providers who serve them have been forced to cobble together services from disparate and complex health care delivery systems. Both providers and health plans have to navigate between the different programmatic rules that simply add to the administrative burden of the two programs. Overlaying these dynamics are the conflicts and disincentives in Medicare and Medicaid policies which, over time, have led to inefficiencies when it comes to caring for this population. Medicare and Medicaid can and must work in partnership to do better than the status quo.

Medicaid Directors believe that a partnership between Medicare and Medicaid should test demonstrations that integrate the best aspects of both programs. Only then can we evaluate whether the proposed models meet the unique and complex needs of each enrollee. At the same time, we understand many of the broad concerns and questions that have been raised about the parameters of the demonstrations.

We are confident that, working together, Medicare and Medicaid can find ways to advance integrated, higher quality, sustainable systems of care, while still holding firm to



our shared values. In particular, like Medicare and other interested stakeholders, Medicaid is committed to holding providers and health plan entities accountable for meeting strong standards, including quality-related requirements; ensuring beneficiary protections; preserving continuity of care and access to providers; and protecting and strengthening the financial integrity of Medicaid and the Medicare Trust Fund. To do so, we also agree that Medicaid and Medicare should collaborate on robust evaluation systems to determine the effectiveness of the demonstrations in meeting our shared goals.

The Coordination Office's financial alignment model opportunity is a first step in the right direction. However, this opportunity is not without significant challenges that we all must acknowledge. It is widely accepted that states are in different stages of readiness for implementing these integrated care programs. While some states are potentially positioned to implement integrated statewide programs as soon as 2013, other states need more time to build the structures and networks to serve this population. Given the variation in states' readiness, we believe the testing and measures of success for these initiatives hinge significantly on the timeliness of information CMS provides regarding the programmatic and financial parameters as well as the flexibility granted to states in designing and implementing their programs.

We are prepared to tackle the immediate questions and complexities with HHS to achieve the best results for this population. Specifically, states are fully committed to working with you to address the parameters for beneficiary choice, establishing phased implementation options, measuring and monitoring the quality and effectiveness of the integrated models of care, defining shared savings and shared risk models that are reasonable for states and the federal government, and other important aspects of the programs.

In addition, Medicaid Directors respectfully urge HHS to begin engaging states in a dialogue about the future of the demonstrations. States and the federal government are investing significant time and taxpayer dollars in these projects. Thus, we believe it is imperative to articulate the definition of success and the test or measurements HHS will use to move the demonstrations towards permanency. We also need to know the pathway or other vehicles for additional states to move forward. This information will help inform the long-term planning for all states, regardless of whether they are currently working with the Coordination Office. Our ultimate goal is to provide every individual in the country who is dually eligible for Medicare and Medicaid with the improved health care that they deserve.



We are committed to working in partnership with you to design and implement programs that will support better health outcomes for beneficiaries, improve quality and reduce costs and to educate stakeholders on the value of these initiatives. Please contact Matt Salo, Executive Director of the National Association of Medicaid Directors, to discuss how we can best work with you going forward.

Sincerely,

A handwritten signature in black ink that reads "Andy Allison". The signature is written in a cursive, flowing style.

Andy Allison
Director, Division of Medicaid Services
State of Arkansas
Department of Human Services
President, NAMD

A handwritten signature in black ink that reads "Darin J. Gordon". The signature is written in a cursive, flowing style.

Darin J. Gordon
TennCare Director
State of Tennessee
Department of Finance and Administration
Vice President, NAMD