

For Immediate Release

Wednesday, April 25, 2012

Grassley Continues Review of Minnesota Medicaid, Calls for Consistent Reporting  
of Program Earnings at Medicaid Managed Care Plans Nationwide

WASHINGTON – Sen. Chuck Grassley of Iowa today said the state of Minnesota’s payment problems to managed care plans serving Medicaid beneficiaries, combined with inconsistent federal oversight of all state rate-setting in this area, call for consistent reporting standards across the board.

“Purchasers, in this case states, using transparent information about how their dollars are being spent, are best suited to make decisions about the value provided from managed care companies,” Grassley said. “We have legitimate disagreements about many issues in Congress, but on this issue, there can be no disagreement. We must have a better understanding of where \$7 trillion will be spent by the Medicaid program over the next 10 years.”

Grassley’s comments came in testimony before a joint hearing of two subcommittees of the House Committee on Oversight and Government Reform. The hearing covered several aspects of payment concerns in Medicaid, including payments to managed care plans in Minnesota. State officials in Minnesota accepted \$30 million for the state from one of Minnesota’s contractor managed care plans and until this week, termed the payment a “donation” that did not require sharing with the federal government, which would be necessary under the state-federal Medicaid program. This week, state officials agreed to give the federal government its share of the \$30 million payment.

Information from the four managed care plans serving Medicaid beneficiaries in Minnesota showed that each plan listed excess revenues from Medicaid while showing losses on the state-only plans. “This suggests the state might have overpaid managed care plans under Medicaid while underpaying the same plans to provide care for individuals covered with state-only dollars,” Grassley said.

Grassley said the federal government should make sure states are required to know the medical-loss ratio of every managed care company they contract with specific to the Medicaid beneficiaries they serve.

That medical-loss ratio should be clearly defined by the federal Centers for Medicare and Medicaid Services and consistently implemented across every state that uses managed care, and the medical-loss ratio should be based on independently audited, verifiable encounter data and expense

data that make clear what administrative expenses are related to the provision of Medicaid benefits and what administrative expenses are not, Grassley said.

Also today, Grassley wrote to the Minnesota legislative auditor, asking for all correspondence between the auditor and the state government, including state legislators, on the UCare payment. The state auditor has questioned the candor of state officials who apparently withheld from him – as well as from Grassley – a letter from the federal government questioning the UCare payment.