



September 22, 2011

Joint Select Committee on Deficit Reduction
United States Congress
Washington, DC

Dear Members of the Joint Committee on Deficit Reduction:

As the Joint Select Committee begins its consideration of opportunities to reduce the federal deficit we urge you to consider constructive changes in the Medicaid program that will reduce costs while increasing access and improving the quality of the care provided without a negative fiscal impact on states. These positive results can be achieved by allowing states greater flexibility in the areas of managed care, management of dual eligible members and establishing appropriate incentives to drive quality outcomes among providers and enrollees in all types of delivery systems.

One of the most important changes Congress could make would be to provide states the authority to enroll any Medicaid eligible population in care management programs – either in traditional managed care or to use managed care techniques in a fee-for-service setting – without first obtaining a waiver or special permission from the Centers for Medicare and Medicaid Services (CMS). Managed care has become a dominant delivery system model in our nation. For several decades, many state Medicaid agencies have been operating successful managed care programs for a large and growing number of Medicaid enrollees. However, historically these efforts have been focused primarily on Medicaid's least expensive populations. States also have implemented innovative care delivery and reimbursement models in their existing fee-for-service systems. A significant number of states have now expressed interest in extending and adapting the wide range of care coordination approaches to new populations, including people dually eligible for Medicare and Medicaid. This would improve care for enrollees and accelerate savings for both the Federal government and states.

The dually eligible population represents an unnecessarily high proportion of state health care costs. This population stands to benefit the most from improved management and coordination of services, yet statutory, regulatory, and financial barriers have impeded these very changes. We urge Congress to seize this historic opportunity to move quickly and provide states the tools and resources they need to meaningfully and cost-effectively coordinate care for dual eligibles.



States need greater authority to implement and manage outcomes-driven programs which appropriately align incentives for providers and help enrollees make informed decisions about the services they receive. For example, states request direct authority that does not require submission of a waiver to advance shared savings initiatives throughout their Medicaid program, similar to the Medicare accountable care organizations. In addition, patient-focused management tools, such as meaningful and enforceable copayments, can provide important incentives to drive cost effective care when combined with medical and health home models and related initiatives to integrate care. These tools would allow states to develop specific goals and accountability measures necessary to transform the Medicaid delivery system.

We encourage Congress to move deliberately and responsibly to facilitate payment and delivery system reforms, simplify administrative burdens, and align the rules of the program in a way that allows states to create sustainable programs that meet the dynamic needs of Medicaid enrollees. We look forward to continuing to share bipartisan solutions and working with you to accomplish these shared goals.

Sincerely,

A handwritten signature in black ink that reads "Andy Allison". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Andy Allison
Executive Director
Kansas Health Policy Authority
President, NAMD

A handwritten signature in black ink that reads "Darin J. Gordon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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