

THE COUNCIL OF STATE GOVERNMENTS
CSG GOVERNING BOARD/EXECUTIVE COMMITTEE

RESOLUTION
ON THE FUTURE OF MEDICAID

- WHEREAS,** Medicaid now constitutes the largest health care program in the United States and operates through a partnership between the States and the Federal government to assist low-income families, children, the elderly and disabled individuals with health care coverage; and
- WHEREAS,** Medicaid spending rose by 13 percent in 2002 and is anticipated to increase by at least nine percent annually through the end of the decade; and
- WHEREAS,** Medicaid enrollment grew by 8.5 percent in 2002 due to rising and sustained unemployment; and
- WHEREAS,** States currently cover on average 43 percent of Medicaid's costs and Medicaid is constantly one of the most important issues for States, accounting on average for 20 percent of state budgets, second only to education in spending; and
- WHEREAS,** Medicaid plays a less prominent role in federal decision making, resulting in differing expectations and conflicting policy goals between the States and the Federal government; and
- WHEREAS,** State revenues are down significantly and the economy is expected to exhibit only sluggish growth in the next year, placing further strains on already overburdened state budgets; and
- WHEREAS,** States must comply with complex federal Medicaid requirements or apply for a waiver from federal requirements, which in turn limits state policymakers options for managing eligibility and enrollment, redesigning benefits, altering services and otherwise containing costs; and
- WHEREAS,** Most states have been forced to cut payment rates to providers and cut eligibility to control enrollment, thereby discouraging provider participation, endangering access and decreasing coverage for low-income individuals and families; and
- WHEREAS,** Spending for individuals who are dually eligible for Medicare and Medicaid accounts for nearly a third of all spending within the Medicaid program, and there are numerous regulatory barriers to improving quality of care and managing spending more effectively for dual eligible beneficiaries due to the complexities of both the Medicare and Medicaid programs; and

WHEREAS, Educating and equipping the consumer to participate fully in health care decisions and the management of illness is essential to decreasing costs, improving quality and protecting patient rights; and

WHEREAS, The current trends in Medicaid cost growth are unsustainable in the current budget environment and further cuts in Medicaid will result in an escalation in the number of the uninsured individuals in the United States and further strain the nation's safety net providers; and

WHEREAS, Longer term trends such as the aging of the population, increased longevity of life, the rise in the incidence of chronic disease, increased obesity and overweight, and the retreat from managed care all indicate continued rapid growth in health care spending over the next thirty years and show the need for fundamental restructuring of the Medicaid program to keep pace with health care in the 21st Century; and

BE IT NOW THEREFORE RESOLVED that The Council of State Governments calls on the President, the Secretary of the U.S. Department of Health and Human Services, members of Congress, and the States to work toward restructuring the Medicaid program to achieve the goals of value-based purchasing, motivated providers, and empowered consumers through the following:

PURCHASERS:

1. Medicare should provide complete coverage for low-income individuals that are dually eligible for Medicare and Medicaid.
2. States should be allowed to implement greater cost sharing in Medicaid, especially for beneficiaries with incomes well above the federal poverty line.
3. The Federal government and the States in conjunction with stakeholders should reevaluate Medicaid's fundamental purpose. Providing coverage for categorical populations only and mandating certain benefits and eligibility may endanger the financial viability of the program and hinder its ability to provide the greatest possible coverage to low-income individuals in the most efficient manner.
4. The Federal government and the States should encourage processes that allow Medicaid to interface more effectively with employer-sponsored insurance.
5. The Federal government and States should work together to develop opportunities for value-based purchasing of services.

PROVIDERS:

1. The Federal government and the States should work to reduce the paperwork and administrative burden for providers.
2. The Federal government should allow greater state input and flexibility in designing and participating in the waiver process.
3. The Federal government should revise Medicaid laws to authorize permanently the program features that are common across all states, such as provisions common to Medicaid managed care and home and community-based care.

4. The Federal government and the States should allow reimbursement for multidisciplinary teams of providers, especially in areas where there is a scarcity of services.
5. The Federal government and the States should create a reimbursement system that is reflective of actual costs for the provision of care across health care continuums.
6. The Federal government and the States should provide incentives to incorporate technology into clinical settings and administrative processes that improves care and saves money.

CONSUMERS:

1. The Federal government and the States should redesign health care initiatives to promote prevention and chronic disease management.
2. The Federal government and the States should provide consumers with incentives and tools to manage their own illnesses, such as disease management, patient education and health literacy initiatives.
3. The Federal government and the States should develop financing mechanisms to assist lower-income families with the purchase of affordable health insurance.
4. The Federal government and the States should work together to promote the availability and affordability of long term care insurance, and ensure insurance coverage for both skilled and unskilled services.

Adopted this 26th Day of October, 2003, at the
CSG Annual Meeting and State Leadership Forum
In Pittsburgh, Pennsylvania

Governor Mike Huckabee
2003 CSG President

Representative Daniel Bosley
2003 CSG Chair