

Overview of Recommendations

In the four decades since its creation, the Medicaid program has grown and evolved in dramatic and often unexpected ways. As the program and its costs continue to grow, policymakers have been motivated to consider how Medicaid might be modernized both to contain costs and enhance services. The National Academy for State Health Policy—with funding from the David and Lucile Packard Foundation, the Robert Wood Johnson Foundation, AARP, and the Agency for Health Care Research and Quality—convened a group of experts with a broad range of experience in the Medicaid program to explore how to make Medicaid work better in the 21st century.

NASHP announces the release of a major new report, drawing upon the work of that group, that identifies numerous opportunities for strengthening the Medicaid program and enabling it to continue to play a critical role in the country's health care system. The report's detailed recommendations identify opportunities for improvement in all areas of the Medicaid program and include calls for simplifying and expanding eligibility, increasing program flexibility for optional populations, improving coordination and integration with the Medicare program and private insurance, adjusting current financing mechanisms, and providing states with tools to manage the long-term care system and, in the process, rebalance the institutional and home and community-based care systems.

The report's recommendations include the following:

Eligibility

- Medicaid should provide comprehensive health care coverage for the poorest Americans—all people with incomes at or below the federal poverty level—without regard to age, family structure, or health status. Current requirements to cover children and pregnant women with incomes above the poverty level should be preserved. Further, states should continue to be permitted to extend Medicaid eligibility beyond minimum federal requirements.
- States should be offered more flexibility in determining eligibility, including the ability to simplify eligibility requirements by basing eligibility just on income.
- States should be given new options for setting financial and functional criteria to qualify for long-term care services. States should be permitted to modify income and assets tests to allow those applicants seeking community care who are most likely to use up their resources within a short time of entering a nursing home to qualify for Medicaid financed acute and community care (but not institutional services) while they are still in the community. States should also be permitted to set different functional criteria for institutional and community long-term care services.

Benefits

- Medicaid should continue to guarantee all mandatory eligibility groups the comprehensive acute, primary care and long-term care benefits defined under current law.
- Medicaid rules should allow states more flexibility in benefit design for persons with incomes above the national minimum eligibility levels. If a state chooses to offer benefits to an optional group, the state would be required to offer acute and preventive care, but could choose whether or not to offer long-term care. For an optional group, a state could choose an acute and preventive benefit package that was the same as that provided to mandatory groups, or a less comprehensive benefit package that meets certain benchmark standards.
- Parents of Medicaid-eligible children should be able to choose to enroll their children in the SCHIP program so long as certain enrollee-protection standards are met.
- States should be allowed to convert their home and community-based waivers into an ongoing program within Medicaid, thereby eliminating the cost-neutrality and periodic renewal requirements of the existing waiver system.

Financing

- The existing federal-state matching structure should be retained and improved. Federal Medicaid financing should not be converted to a block grant to states.
- The federal government should provide states with an enhanced match (at the SCHIP rate) for the new costs associated with simplifying and expanding eligibility to include all Americans with income at or below the federal poverty level.
- The formula for federal matching funds should be revised to provide a more timely counter-cyclical response to economic downturns.
- The federal government should provide more support to states for the Medicaid costs associated with low-income persons enrolled in Medicare. This increased level of support should be provided in conjunction with efforts to improve care coordination and program management between the two programs.
- States should be given new opportunities to coordinate Medicaid coverage with private, employer-sponsored insurance through “premium assistance” programs. States should be allowed to implement premium assistance programs under a state plan amendment with certain features that now require a waiver, such as policies related to wrap-around benefit coverage, wrap-around cost sharing, and crowd-out prevention. Further, states should be allowed to require employers to enroll their Medicaid-eligible employees in the employer’s health plan at times other than the open enrollment period.

This report draws from the experience and expertise of a diverse workgroup. Recommendations made in this report reflect the consensus or majority view of workgroup members but do not necessarily represent the views of project funders or individual workgroup members. The workgroup considered this final product of the MMW project as an inter-related set of recommendations which would best be considered as a whole.

To view or download the full report, visit the Medicaid pages of the NASHP Web site at www.nashp.org.