The National Association of Medicaid Directors (NAMD) is a bi-partisan, consensus-driven organization representing the Medicaid Directors in all 50 states, the District of Columbia and the territories. Medicaid is the largest health care safety-net program and is responsible for the health care of 73 million Americans, including those with the most complex health care needs. States and the federal government jointly finance and operate Medicaid, making an effective federal-state partnership critical to success of this program.

NAMD has not taken positions on questions around structural changes to the Medicaid program. Rather, the following resource identifies key issues Congress and the Administration should consider, in the event that policymakers pursue such changes to Medicaid. Medicaid Directors underscore that substantive changes to Medicaid’s financing structure must be done in close consideration of the complex and interconnected web of Medicaid’s statutory and regulatory requirements. Failure to do so could expose states to the greatest inter-governmental transfer of financial risk in the country’s history. Given this, we respectfully request that the Trump Administration and congressional leaders form an expert workgroup of Medicaid Directors to provide technical expertise on any Medicaid proposals.

Medicaid Directors are responsible for operationalizing the nation’s largest health care safety-net program, while at the same time driving comprehensive payment and delivery system reforms that improve care and contain costs. As such, Directors are uniquely positioned to provide technical expertise on federal policy proposals that might change the structure of the Medicaid program. Their insight can help to ensure changes accounts for the variability of state Medicaid programs, operational realities, and the work underway to deliver high quality care and value for the taxpayer dollar. Such a workgroup should be comprised of a representative sample of Medicaid Directors that reflects the geographic, delivery system, financing and other features of state Medicaid programs.

**Key Considerations**
In addition to this workgroup, we urge lawmakers to consider the following questions in the development of any proposals that would change the structure of Medicaid. These questions address Medicaid operational and policy considerations in four areas: the statutory framework and eligibility, financing, and the federal-state partnership.

**Statutory Framework and Eligibility**
- What are the requirements for states in the framework for populations covered, services covered, and payment levels?
- How will the proposal impact eligibility and services for current enrollees?
• What are the health needs of those served by Medicaid and how will those needs be met under the proposal?

• What would Medicaid’s future obligations be around the provision of long-term care? Medicaid is currently the default long-term care program in the United States, and as demographics change, more Americans are expected to need and seek long-term care services and supports.

• How would reform proposals address Medicaid’s growing obligation to provide relief to Medicare beneficiaries and to the Medicare program? Approximately 40 percent of Medicaid spending is for low-income Medicare beneficiaries. Medicaid programs cover the Medicare premiums and cost sharing for these individuals and often wrap the benefits available under Medicare. Recently, Medicaid learned that Medicare’s Part B premiums will increase by 10 percent, which will increase Medicaid spending by about $1 billion in the coming year. Similarly, states finance a share of Medicare Part D prescription drug coverage for dually eligible beneficiaries. This state contribution for Part D is growing rapidly due to new specialty drugs, the growth in prescription drug utilization, and rising drug prices overall. State payments for these Part D costs is expected to be $11 billion in 2017.

• How would the proposal impact children and pregnant women currently covered through the Children’s Health Insurance Program (CHIP)?

• What is the impact of the proposal on safety-net providers that serve Medicaid beneficiaries (Critical Access Hospitals, Rural Health Centers, Federally Qualified Health Centers, and Community Mental Health Centers)?

**Financing**

• What is in the federal funding formula for Medicaid program growth and how is that formula calculated? How does it account for the rapid rate of health care cost growth?

• What is the state match requirement in the proposal for Medicaid?

• What is in the base used to set the federal match amount?

• What is in the federal funding formula that would be used during recessions?

• What is the impact of the proposal on state approaches to finance the state share of the Medicaid program (i.e., provider taxes, intergovernmental transfers, upper payment limits)?

• How does the proposal impact the financing structure for Medicaid IT systems?

• How would reform proposals take into consideration unforeseen cost surges? (i.e., new developments in specialty pharmacy, such as the experience with Hepatitis C, or future developments in biologics with list prices approaching $500,000 per year.)

• How would the financing approach impact the structure of CHIP, including Medicaid expansion CHIP programs, separate CHIP programs, or combination CHIP programs?

**Federal-state Partnership**

• What is the role of states in promulgating new federal rules related to Medicaid?

• What are the areas that additional state flexibility might be afforded?

• How does the proposal change the existing Medicaid regulatory structure (i.e., state plans, Section 1115 and other Medicaid waivers)?
• How does it impact existing federal Medicaid regulations and their implementation?

Finally, should Congress and the Administration consider structural changes to the program, we also urge policymakers to keep in mind more specific policy changes that Medicaid Directors agree are needed to advance high quality care and deliver value in the Medicaid program. These consensus-based recommendations are outlined in NAMD’s policy priorities for the 115th Congress and the Administration in 2017, and focus on targeted reforms that are needed to antiquated federal statute and regulations.