



Principles for Partnership:

Ensuring an Effective State/Federal Relationship to Advance the Medicaid Program

The Medicaid program is a unique partnership between states and the federal government that embodies the spirit of federalism. States both administer and co-finance the program, tailoring it to meet unique local needs and objectives. The federal government contributes significant resources to the program, defines the broad parameters to which states must adhere, and serves an oversight role. Balancing these varied responsibilities among the partners is critical to ensuring the ongoing stability and success of Medicaid.

Over the years, NAMD's members have consistently identified the need to continue strengthening the state/federal partnership. In close consultation with membership and NAMD's Board of Directors, we offer the following principles which we seek to embody in our collective work.

- **States are Equity Partners:** As co-financiers and administrators of the Medicaid program, states invest substantial resources into achieving programmatic goals. This equity investment in the program makes states fundamentally different from other Medicaid stakeholders. As such, federal partners should treat state perspectives and state expertise with weight commensurate to states' investments in the program and work collaboratively with states to advance common priorities.
- **Flexibility to Innovate Within the Program:** As a program built on the principles of federalism, Medicaid allows states to tailor the program to meet each state's priorities and unique characteristics. This produces significant diversity across Medicaid programs. CMS should respect this diversity and work with states to support their unique priorities. CMS's culture should reflect a spirit of innovation within the Medicaid program and a commitment to working within federal authorities to give states the tools they need to iterate on success. In parallel to this, CMS should work to minimize administrative processes that inhibit states' ability to pioneer new strategies in their programs.
- **Clear and Consistent Communication:** CMS should work through NAMD to provide regular updates on regulatory and sub-regulatory priorities being actively advanced. Such updates could take the form of quarterly meetings with the NAMD Board of Directors or other appropriate mechanisms to ensure states are aware of CMS priorities and how states can inform and support those priorities.
- **Joint Accountability:** True partnership involves mutual accountability. Just as states are accountable to the federal government for appropriate program expenditures and compliance with federal statute and regulation, federal partners should be accountable to states in terms of reasonable timeframes for review of state proposals and action on state operational requests, appropriate consultation with states in design and implementation of federal Medicaid changes, and other core aspects of the program.
- **Dedication to Continual Process Improvement:** A wide array of day-to-day functions and processes underpin state and federal Medicaid operations. CMS has made significant commitments in partnership with states to improve aspects of these operations, such as State Plan Amendment, waiver, and managed care rate and contract approval processes. Continuing to streamline and improve these core functions will generate value for all parties. CMS should

establish and maintain a mechanism for continuous feedback from states with regular engagement and touchpoints to promote efficiency in routine program administration.

- **Advance Review of CMS Releases Discussing State Programs:** As CMS continues to leverage improved data reporting to produce public information about Medicaid, it should commit to always engaging with states in advance of product releases – particularly if such products will name specific states or rank order states on a metric. States can support CMS in identifying methodological issues, providing appropriate contextual information, and otherwise ensure public-facing resources accurately reflect the realities of state programs.