

Details of Medicaid Recommendations in the First 100 Days Health Agenda

Increase the federal match for Medicaid.

Medicaid is a countercyclical program. When states face an economic downturn, not only does their revenue decline, but at the same time, they experience an increase in the demand for various social support programs, especially Medicaid. Medicaid rolls grow as unemployment grows; as people lose their jobs they also lose private health insurance and turn to Medicaid and SCHIP to cover the gap. Given the need to balance their budgets, states are unable to meet the increased demand for Medicaid coverage, so they may respond by reducing eligibility levels or benefits. The federal government must step in and support states with countercyclical revenue. By increasing the federal share of Medicaid, the federal government provides states with temporary fiscal relief. This enables states to meet the increased demand for health care without reducing services.

Eliminate the categorical nature of Medicaid eligibility and extend coverage to everyone living in poverty.

Medicaid does not cover all adults, it covers only certain categories of adults. These include pregnant women, parents, people over 65 and people with significant disabilities. Although some states have extended coverage to other adults, they typically do not receive federal support for those individuals. As a result, Medicaid covers less than half of the population living below the poverty line. Low-income adults who are categorically excluded from Medicaid make up a large share of the uninsured. If we count only those excluded adults who are below 200 percent of poverty, this group makes up a bigger share of the uninsured than do all uninsured children and parents combined. Extending coverage to this lower-income group would immediately reduce the number of those in more vulnerable more vulnerable populations without health coverage.

Simplify the documentation and application requirements.

Current administrative barriers make it hard for people who are eligible for coverage to actually enroll in the program and hence unnecessarily hard to get needed health care. Furthermore, the current renewal system results in as many as half of all beneficiaries failing to complete the process successfully. This creates churning as coverage is lost, wasting administrative resources. States should dramatically simplify and streamline the current document-heavy and administratively burdensome process for determining and verifying eligibility, in favor of quicker, more cost-effective, electronically-based, paperless, and consumer-friendly processes. States should not be allowed to require documentation of residency, income and assets, none of which are federally required.

Increase transparency of the state waiver process that is eroding federal standards for Medicaid.

The Bush administration has encouraged states to use the 1115 waiver process to implement often dramatic changes to their Medicaid programs. As a result many states have negotiated changes to their Medicaid programs that eliminate defining elements of Medicaid, including limits on cost-sharing, the requirement that all beneficiaries receive the same benefits, and maintaining Medicaid as an entitlement program. It is particularly troubling because states develop their applications in secret, and negotiations with the federal Center for Medicare and Medicaid Services occur behind closed doors. Not until the negotiations are completed is the public informed of the ways in which the program has been changed. When Medicaid was enacted Congress imposed a limited number of standards, leaving states with a great degree of flexibility in the design and administration of their programs. Allowing those basic standards to be undermined in the name of state flexibility is a back-door way to erode the very basic guarantees Congress intended Medicaid to provide.