

Potential Changes to Medicaid Funding- Questions to Consider

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Source of Information

- National Health Law Program (NHeLP)
- <http://www.healthlaw.org/>
- [file:///C:/Users/dcourter/Downloads/MedicaidBlockGrantPCCPlans,
%203.6.17%20\(1\).pdf](file:///C:/Users/dcourter/Downloads/MedicaidBlockGrantPCCPlans,%203.6.17%20(1).pdf)
- An excellent resource

Some Key Questions

- Would federal Medicaid funding in NH stay the same in the first year after changes go into effect?
- What about after five or ten years?
 - Many proposals are structured to delay the larger cuts until later years. This may be done, in part, to lessen the initial impact and undercut opposition
- Could NH cover the same categories/programs and number of individuals as it currently does?

The Current Structure for Medicaid Funding

- Federal funding is tied to actual costs incurred by the state for services provided to enrollees. For each new enrollee, service covered, or provider paid, states can receive federal reimbursement at a pre-determined FMAP (Federal Medical Assistance Percentage)
- The Current FMAP in NH is 50%
- The costs of services are shouldered by the state and federal government

How Might the Current Structure for Medicaid Funding Change?

- Speaking in broad terms, past proposals to convert Medicaid into a block grant or per capita caps have abandoned the shared responsibility for actual costs and shift financial risk to the states.
- With a capped federal contribution, states would shoulder the responsibility for extra costs, be they from increased enrollment, development of costly new health care services or medications, or increases in provider reimbursement.

How Might a “Capped” Federal Contribution Work?

- Some current proposals have floated the idea of using the “chained” Consumer Price Index (CPI) as the inflation index plus 1%. The regular CPI usually rises slower than health care costs and the chained CPI is often lower than CPI.
 - (The CPI program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services (<https://www.bls.gov/cpi/>)
 - The chained CPI adds a “twist”: It measures living costs differently because it assumes that when prices for one thing go up, people sometimes settle for cheaper substitutes (if beef prices go up, for example, they'll buy more chicken and less beef. <http://www.aarp.org/politics-society/advocacy/info-02-2013/the-chained-consumer-price-index-explained.html>).

How Might a “Per Capita” Cap Work?

- A per capita cap proposal would limit federal contributions based on a predetermined amount of funding per person.
- Unlike a block grant, this allows federal funds to vary to accommodate changes in enrollment (due, for example, to an economic downturn), but may not respond to other common cost drivers (for example, medical advances and an aging population)

How Else Might Federal Participation be Reduced?

- Changing Eligibility requirements
 - Eligibility for Medicaid is complex due to the number of different eligibility categories as well as the income (and sometimes asset) limits.
 - While reducing eligibility complexity would be a worthwhile endeavor, new proposals likely would only do so by restricting eligibility.

If Federal “Caps” were Instituted, How Might NH Respond?

- Let’s assume health care costs, over time, outpace the CPI.
- NH has less and less federal funds to cover Medicaid obligations over time
- Raise taxes?
- Alter (cut) programs?

“Altering” the Medicaid to Schools Program- How Might that Happen?

- Statutory Changes- initiated by the Legislature
- Rulemaking- Initiated by statutory changes or independently by DHHS
 - Covered Services Definitions
 - The function of the IEP
 - Referrals
 - Practitioner Qualifications
 - Prior Authorization

Strategies for the Future

- Support Legislative Advocacy by The School Superintendent's Association (AASA) at the Federal level. Sasha Pudelski, Assistant Director, Policy & Advocacy, at AASA has been a substantial leader in the fight. Dr. Ladd, Terri Forsten from the Concord School District, Corinne Cascadden from the Berlin School District and Mike Skibbie from the DRC have also worked closely with Senator Hassan.

<https://www.hassan.senate.gov/news/press-releases/senator-hassan-highlights-devastating-impact-medicaid-cuts-would-have-on-students-with-disabilities-and-school-districts-across-new-hampshire>

- See an impact write-up by Sasha:

http://aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/medicaid.pdf

- Monitor statutory changes proposed by the NH legislature
- Monitor rulemaking by NH DHHS