

July 17, 2009



Chairman Henry A. Waxman
Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Waxman,

As the Energy and Commerce Committee considers the America's Affordable Health Choices Act of 2009, H.R. 3200, we wanted to share our comments regarding the legislation. While we support many provisions in the legislation, we have significant concerns with other provisions in the legislation and their effect on Medicaid and the Children's Health Insurance Program (CHIP).

Medicaid Health Plans of America (MHPA) supports provisions in Section 1701 that expand Medicaid eligibility to 133% of the Federal Poverty Level. We support universal coverage and believe Medicaid expansion is the most cost-effective way to expand coverage for the uninsured. We were pleased to see changes from the Discussion Draft that retain most Medicaid-eligible beneficiaries in Medicaid instead of the exchange. Medicaid beneficiaries often have unique health care needs and would be better-served in the Medicaid program with guarantees of coverage and benefits not provided in commercial health plans. Medicaid and the health plans in Medicaid have experience serving the unique needs of the Medicaid population. The enclosed issue brief explains why the Medicaid population is better served in Medicaid than the exchange.

We remain concerned that the CHIP program would be eliminated in 2013. The Children's Health Insurance Program Reauthorization Act of 2009 made significant advancements in coverage for kids by expanding coverage up to 300% of the Federal Poverty Limit and instituting several other reforms that promote outreach, enrollment, continuous eligibility, and benefit improvements, particularly in the area of dental services. After all of the advancements that have been made in children's coverage through CHIP, we are concerned that kids will lose benefits and protections in the exchange. Health plans that serve the CHIP program have services and networks of providers that are specialized to meet the needs of low-income children. We participate in coalitions with other groups representing children who share these concerns.

MHPA strongly supports Section 1743 that extends the Medicaid Drug Rebate Program to pharmacy benefits provided in Medicaid managed care. States would be permitted for the first time to collect rebates on pharmaceuticals provided to the approximately 29 million beneficiaries in fully at-risk health plans—about one-half of all the 58 million Medicaid beneficiaries. This provision would modernize the Medicaid program and yield substantial savings on drug costs for the federal government and states.

MHPA appreciates the inclusion of provisions in Section 1177 reauthorizing and improving Special Needs Plans (SNPs) that coordinate care for the frail, sick, and disabled that are dually eligible for Medicare and Medicaid.

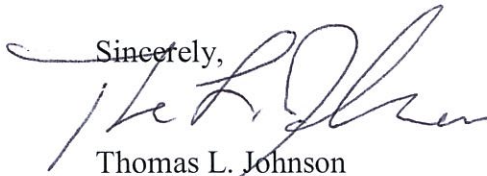
However, we are disappointed to see provisions in Section 1755 that arbitrarily limit our plans' ability to provide services that will improve care coordination and quality for Medicaid members through a Medical Loss Ratio. A Medical Loss Ratio for Medicaid health plans is counterproductive and unnecessary. Medicaid health plans are paid based on a capitated payment rate negotiated with states. Rates include medical costs and a small administrative fee. Under federal law, rates must be actuarially sound, meaning they must be sufficient to cover medical costs as certified by actuaries based on experience data. The rate-setting process captures all factors of health plan efficiency—medical costs, administration, and profits. Therefore there is a built-in mechanism to ensure a proper balance of medical-to-administrative expenditures to ensure the best value to members and use of taxpayer dollars. Better enforcement of the actuarial soundness requirement would achieve the same goals. (See enclosed paper.)

MHPA also strongly supports efforts to include a two-year extension of the Medicaid MCO provider tax authority in health reform. This would give additional time for states to enact replacement funding mechanisms in the eight states that had an MCO provider tax before enactment of the DRA. **MHPA also supports a proposed amendment by Rep. Jay Inslee to set Medicaid out-of-network payment at no more than each state's fee-for-service Medicaid rate for the same service.** MHPA urges the committee to include these two provisions in H.R. 3200 as it moves through committee.

Medicaid Health Plans of America is the leading trade association solely focused on representing health plans in Medicaid. Our member companies provide Medicaid managed care services for 12.5 million beneficiaries in 33 states and the District of Columbia. Our organization represents a wide range of health plans participating in Medicaid—from very large multi-state plans to small community-based health plans. Our mission is to develop and advance public policy that controls costs and improves access and delivery of quality health care to Medicaid members.

We are committed to working with you and the committee to improve the legislation as it moves forward. We appreciate the work of the committee and Congress to expand coverage and make improvements in Medicaid that will reduce costs and ensure better quality health care for Medicaid beneficiaries. MHPA is supportive of overall efforts to reform our nation's health care system and believe we are part of the solution. Should you have question, please don't hesitate to contact Joe Moser, Director of Federal Affairs at (202) 857-5720.

Sincerely,



Thomas L. Johnson
Executive Director