

**Opening Statement**

**Rep. Gene Green**

**Health Subcommittee Hearing: “Examining the Administration’s Approval of Medicaid Demonstration Projects”**

**June 24, 2015**

Good morning and thank you for being here today. I thank the Chairman for having this hearing on the topic of Medicaid demonstration waivers and look forward to today’s discussion.

Medicaid provides health care coverage for more than 70 million Americans. It is our nation’s most vital health care safety net program.

Today, it covers more than 1 in 3 children, and is a critical component of care for seniors. One out of every 7 Medicare beneficiaries is also a Medicaid beneficiary.

For millions of American families, the Medicaid program is the only way they can gain access to coverage for appropriate health care services.

It is a simple truth: our federal and state governments save money by investing in health care, and Medicaid coverage is a key component of such investment.

The joint State-Federal nature of the Medicaid structure is a defining feature of the program. Since its creation, states have had flexibility to design their own version of Medicaid, within the basic framework of broad federal rules in order to receive matching funds.

If a state wishes to change its Medicaid program in ways that departs from certain federal requirements, it may seek to do so under the authority of an approved demonstration or “waiver.” Section 1115 waivers are a very broad type of Medicaid waiver.

In recent years, these waivers have become increasingly utilized by the States. In Fiscal Year 2014, Section 1115 demonstration waivers accounted for almost one-third of all Medicaid spending.

While each 1115 waiver is different in scope and focus, they all must promote the objectives of the Medicaid program and be budget neutral for the federal government.

Over the last two decades, the Government and Accountability Office (GAO) has raised concerns about Medicaid waiver policy. Many of GAO's longstanding recommendations were included in the Affordable Care Act, and I want to thank CMS for the agency's commitment to improved transparency throughout the approval process.

Per a requirement of the Affordable Care Act, CMS has issued a final rule to ensure meaningful public input in the waiver process and enhanced transparency. Today, we will hear from GAO about their body of work on Medicaid waivers and additional improvements that can be made.

While the Supreme Court made Medicaid expansion voluntary for each state, expansion authority provides an explicit - almost entirely federal funded - pathway for states to offer coverage for all non-elderly adults living below 138 percent of the poverty line. Because of this,

states have a clear option and do not need to use 1115 waivers to expand eligibility for this population.

Waivers are still being used to make other programmatic changes, especially as states continue to consider expanding Medicaid. Some of these proposals have sought to impose premiums, cost-sharing charges, and work requirements on beneficiaries. Robust research does not support the arguments for such provisions.

Premiums have been shown to deter participation in coverage and lead to high administrative costs. Work requirements have no place in a safety net health care program, and ignore the fact that the vast majority of newly-eligible adult beneficiaries already work, but do not have access to affordable coverage through their employer.

States have considerable flexibility under existing Medicaid authority. Enacting punitive, unsubstantiated policies like work requirements under the guise of

“flexibility” does not advance the conversation around improved transparency and innovative care models.

When people have access to regular health examinations, immunizations, and preventative care, they are dramatically more likely to be healthy, productive adults.

Coverage, rather than uncompensated care pools, is the best way to promote the health of the American people and the viability of our health care system at large. CMS has maintained that this will be one of three guiding principles moving forward.

That said, Section 1115 waivers retain their vital purpose of affording States with a way to pursue innovative delivery systems, expand eligibility to individuals not otherwise eligible for Medicaid and CHIP, and pilot initiatives that support the objectives of the Medicaid program.

Medicaid is a safety net for everyone, because we are all one medical crisis away from financial ruin, and the

more people who have coverage and access to necessary care, the better the system works for us all.

I look forward to hearing from today's panelists about this important topic, and to working with my colleagues on the Committee.

We have a great opportunity to build on past successes and continue to strengthen the Medicaid program for current and future beneficiaries.

Thank you and I yield back.