

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

JANUARY 28, 2017

To: Democratic Members of the Subcommittee on Oversight and Investigations

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on “Medicaid Oversight: Existing Problems and Ways to Strengthen the Program”

On Tuesday, January 31, 2017, at 10:00 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing titled “Medicaid Oversight: Existing Problems and Ways to Strengthen the Program.” The hearing will take a broad look at program integrity and fraud prevention in the Medicaid program and examine the implications for the Medicaid expansion.

I. BACKGROUND

Medicaid is a joint federal and state program for low-income and disabled individuals. In FY 2015, Medicaid’s estimated expenditures were \$529 billion.¹ As of October 2016, the program had roughly 74 million beneficiaries.²

Historically, Medicaid eligibility has been limited to certain low-income children, pregnant women, parents of dependent children, the elderly, and individuals with disabilities. The Affordable Care Act (ACA) provided for improved access to affordable, comprehensive health insurance coverage by expanding Medicaid eligibility. Under the ACA, states have the option to extend Medicaid coverage to most nonelderly, low-income individuals at or below 138 percent of the federal poverty level (FPL). Thirty-one states and the District of Columbia have

¹ Government Accountability Office, *Medicaid Program Integrity: Improved Guidance Needed to Better Support Efforts to Screen Managed Care Providers* (Apr. 22, 2016) (GAO-16-402).

² Department of Health and Human Services, *Impacts of the Affordable Care Act's Medicaid Expansion on Insurance Coverage and Access to Care* (Jan. 18, 2017) (www.aspe.hhs.gov/sites/default/files/pdf/255516/medicaidexpansion.pdf).

opted to expand Medicaid, and the ACA provides enhanced federal matching rates for individuals in these states who receive coverage through the Medicaid expansion.³

The ACA's expansion filled a major healthcare gap for low-income adults. An estimated 12 million adults under 65 have gained coverage through the Medicaid expansion.⁴ The new Medicaid coverage, combined with other coverage expansions in the ACA, drove the uninsured rate in 2016 to below nine percent – the lowest in our nation's history.⁵

Studies have shown that low-income individuals have gained greater access to healthcare as a result of the Medicaid expansion. Individuals in Medicaid expansion states have experienced better access to primary care, increased rates of screening and diagnosis of chronic conditions, and expanded access to prescription medication. Medicaid expansion is associated with a twenty percent reduction among adults foregoing mental services due to cost.⁶ Medicaid expansion has also lowered uncompensated care costs by \$10 billion between 2013 and 2015 and has improved recipients' abilities to afford care.⁷ Under the ACA, the number of low-income adults who reported difficulty paying medical bills has fallen by more than 10 percentage points.⁸

II. ANTI-FRAUD PROVISIONS IN THE ACA AFFECTING MEDICAID

The ACA included a number of provisions to strengthen Medicaid program integrity. The most important provisions involve a shift from the traditional “pay and chase” model to a preventive approach, by keeping fraudulent suppliers out of the program before they can commit fraud. All participating providers in the Medicaid and CHIP programs must be screened upon enrollment and revalidated at least every five years.⁹ Higher risk providers are subject to additional screenings and investigation, such as on-site visits to verify information and criminal

³ *Id.*

⁴ Congressional Budget Office, *Federal Subsidies Under the Affordable Care Act for Health Insurance Coverage Related to the Expansion of Medicaid and Nongroup Health Insurance: Tables from CBO's January 2017 Baseline* (Jan. 2017).

⁵ Centers for Disease Control and Prevention, *Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2016* (Sept. 2016).

⁶ Department of Health and Human Services, *Impacts of the Affordable Care Act's Medicaid Expansion on Insurance Coverage and Access to Care* (Jan. 18, 2017).

⁷ White House Council of Economic Advisers, *The Economic Record of the Obama Administration: Reforming the Health Care System* (Dec. 2016) (www.obamawhitehouse.archives.gov/sites/default/files/page/files/20161213_cea_record_health_care_reform.pdf).

⁸ See note 6.

⁹ Centers for Medicare & Medicaid Services, *Medicaid/CHIP Provider Screening and Enrollment* (Dec. 23, 2011) (www.medicaid.gov/Federal-Policy-Guidance/downloads/CIB-12-23-11.pdf).

background checks.¹⁰ Additional anti-fraud provisions in the ACA include new and enhanced civil monetary penalties for fraudulent providers, the withholding of Medicaid payments pending fraud investigations, new funding to fight Medicaid fraud, termination of provider participation under Medicaid and CHIP if terminated under another State Medicaid or CHIP program, and new authority for the Secretary of Health and Human Services to impose a temporary moratorium on the enrollment of new Medicaid or CHIP providers and supplies.¹¹

IV. WITNESSES

The following witnesses have been invited to testify:

Ann Maxwell

Assistant Inspector General for Evaluations and Inspections
Office of Inspector General
U.S. Department of Health and Human Services

Carolyn Yocom

Director of Healthcare
U.S. Government Accountability Office

Josh Archambault

Senior Fellow
Foundation for Government Accountability

Paul Howard

Director of Health Policy
The Manhattan Institute

Timothy Westmoreland

Professor of Law and Research and Professor of Public Policy
Georgetown University

¹⁰ Department of Health and Human Services, *Medicare, Medicaid, and Children's Health Insurance Programs; Additional Screening Requirements, Application Fees, Temporary Enrollment Moratoria, Payment Suspensions and Compliance Plans for Providers and Suppliers*, 76 Fed. Reg. 5862 (Feb. 2, 2011).

¹¹ Congressional Research Services, *Health Care Fraud and Abuse Laws Affecting Medicare and Medicaid: An Overview* (Sept. 8, 2014); Department of Health and Human Services, *Medicare, Medicaid, and Children's Health Insurance Programs; Additional Screening Requirements, Application Fees, Temporary Enrollment Moratoria, Payment Suspensions and Compliance Plans for Providers and Suppliers* (Feb. 2, 2011); Pub. L. No. 111-148, Section 6402(i) (2010).