



COMMITTEE ON *DEMOCRATS*
ENERGY & COMMERCE
RANKING MEMBER FRANK PALLONE, JR.

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**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
House Energy and Commerce Committee
Subcommittee on Health
Hearing on “Examining Medicaid and CHIP's Federal Medical Assistance Percentage”**

Mr. Chairman, thank you for holding this hearing, and thank you to our witnesses for being here today. As a Member of Congress, I believe that government exists to help all Americans succeed and improving and strengthening Medicaid for generations to come continues to be a primary goal of mine.

Medicaid is not a welfare program, it's a health insurance program that more Americans depend on than any other single federal health program. In fact, Medicaid provides more than 1 in 3 children with a chance at a healthy start in life. And 1 in 7 Medicare seniors are actually also Medicaid seniors. The truth is, the overwhelming majority of the more than 71 million Medicaid beneficiaries are children, the elderly, the disabled and pregnant women – our most vulnerable populations.

Medicaid was designed at the federal level to expand and contract according to a state's need. That is a tenet we must protect and improve, not reverse.

And despite the incredibly complex nature of its shared federal and state financing, Medicaid is an incredibly efficient program. Its costs per beneficiary are substantially lower than private insurance and Medicare, and in recent years these costs have grown far more slowly. The facts also show that Medicaid has a lower improper payment rate than many of our federal health programs, all of which cover fewer people.

Every single state Medicaid program has undertaken projects testing new models of care delivery that promote quality and value in the Medicaid program. In fact, the Medicaid program is often called an “innovation incubator.” So, as we learn more about Medicaid's financing structure or F-MAP today, let's think about how to build on these efforts. That is the right way to promote a value-based Medicaid program for the future.

F-MAP may not be perfect, but merely looking at "baselines, growth factors and state contributions," ignores the most critical issue: providing care in the most efficient way possible to some of our most complicated populations, the tens of millions of low-income vulnerable beneficiaries that rely on Medicaid and the health care providers and plans that serve them.

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