



Health Reform for States

Keeping What Works and Fixing What's Broken

✓ **States Lead**

- Maintains states' essential role in protecting consumers and pursuing their own reform agendas, including running health insurance Exchanges.
- Offers states the option to form interstate health care choice compacts to facilitate the purchase of health plans in more than one state.

Improves Medicaid

✓ **Focus on Efficiencies**

- Creates a new office to coordinate care and improve access to and the quality of care for dual eligible beneficiaries (those in Medicare and Medicaid), who are the highest-cost population for states, accounting for 46 percent of Medicaid expenditures and costing \$57 billion in spending across states in 2005.

✓ **Reduces Drug Prices**

- Extends a Medicaid drug rebate to drugs dispensed to beneficiaries in Medicaid managed care organizations, benefiting states and the federal government.

✓ **Creates a Medicaid option for childless adults**

- Creates a state option, beginning April 1, 2010, to cover non-pregnant, non-disabled childless adults at or below 133 percent of poverty without burdensome waivers and budget neutrality requirements.

Helps State Budgets

✓ **Reduces Health Care Fraud**

- Increases funding for enforcement programs that fight Medicaid fraud and abuse. Increases penalties for those who commit fraud, and imposes tougher screening of providers to prevent program abusers from providing care to beneficiaries in the first place. Recently, the Department of Justice announced the largest health care fraud settlement in its history, and States will receive \$331 million through their Medicaid programs.

✓ **Reduces State Uncompensated Care**

- Reduces state spending on uncompensated care by covering the uninsured. Without reform, an estimated \$141 billion will be spent on uncompensated care by 2019, much of which states subsidize.

✓ **Provides State Employee Health Benefit Cost Relief**

- Streamlines the health care system, including eliminating the "hidden tax" of uncompensated care costs on those with coverage, to reduce the burden of rising premiums for state and local governments. States spend an estimated \$95 billion on employee health benefits.

✓ **Job Creation to Spur the Local Economy and Generate State Tax Revenues**

- Includes investments in primary care clinics and community health centers to create jobs for health care providers and ancillary staff, generating local economic activity.

✓ **Increases CHIP Funding**

- For FY2016 through FY2019, states' match rate for CHIP (E-FMAP) will increase by 23 percentage points, savings states billions of dollars.