

## Moving *Forward* – Facing Challenges in State Medicaid Programs

Ann Clemency Kohler, Director of Health Services  
 National Association of State Medicaid Directors  
 American Public Human Services Association  
 Ann.Kohler@aphsa.org  
 202.682.0100

## Federal-State Relationship

### NASMD's Top Priority for New Administration

- CMS and states need to rebuild partnership to accomplish goals
- Relationship needs to be more collaborative
- Partnership is critical with current economy, budget constraints, and plans for healthcare reform

## Status of Regulations Under Moratorium

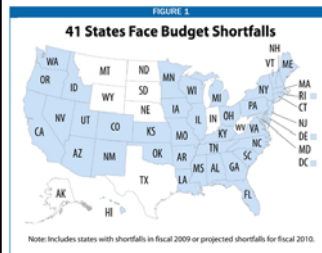
In 2007, CMS published 7 regulations in the Federal Register that would have caused significant financial loss to states. Congress passed legislation that put 6 of these rules under moratorium until March 30, 2009.

- Targeted Case Management
- Rehabilitation/Habilitation Services
- School-based administration/transportation services
- Healthcare provider tax
- Cost limit for providers operated by units of government
- Graduate Medical Education

The regulation on Medicaid payment for outpatient services was excluded from the moratorium. The final rule goes into effect on December 8, 2008.

## State Budget Challenges

### According to the Center on Budget and Policy Priorities:



- 41 states facing fiscal stress in their FY 2009 and/or FY 2010 budgets
- 31 states facing mid-year budget shortfalls
- Over half have already cut spending, used reserves, and raised revenues to balance current budget
- States' fiscal problems likely to continue for some time

## Fiscal Relief For States - Increased FMAP

- Economic downturn and massive job losses are contributing to gaps in state budgets and increases in Medicaid enrollment
- States cannot borrow money and must have balanced budgets
- Many states forced to cut funding to Medicaid and other crucial programs
- FMAP increase would allow states to maintain Medicaid enrollment
- Families who are able to obtain healthcare coverage may spend money on other things which could help to stimulate the economy

## Medicaid Integrity Program

- MIP to provide CMS the resources necessary to combat fraud, waste and abuse in Medicaid
- Offers an opportunity to identify, recover and prevent inappropriate Medicaid payments
- Supports the efforts of State Medicaid agencies through a combination of oversight and technical assistance
- Mental health providers can expect increase in number of audits
- Documentation of needs and services are critical

**NASMD**

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