

Speech: Remarks by Administrator Seema Verma at the National Association of Medicaid Directors (NAMD) 2017 Fall Conference

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It's truly a pleasure for me to join you today and it's great to see so many familiar faces. I, and everyone at the Centers for Medicare and Medicaid Services, truly understand the importance of the Medicaid program. It makes an incredible difference to millions of Americans. But behind every statistic is a life, a face.

Individuals like Richard, a gentleman I met in Indiana. He's paraplegic. Yet, when we were passing the Healthy Indiana Plan he showed up with his caretaker, to hearings and other meetings, in a bed that carried all of the equipment necessary to keep him alive. It wasn't easy for him to come, but he felt strongly about making sure that the Medicaid program was providing high quality healthcare, and speaking on behalf of beneficiaries was something that was so important to him.

I also have a colleague whose sister Kristy has both autism and epilepsy. The severity of her condition requires her to receive 24- hour care, and a Medicaid waiver makes it possible for her to receive that care in her home.

For people like Richard and Kristy, Medicaid is more than a safety net, it's a lifeline, one that needs to be preserved and protected for those who truly need it. This is not only about caring for our less fortunate citizens, but doing what is possible to help ensure that none of them are left out, left behind, or left on the sidelines of the American dream.

For all of Medicaid's recipients, we work to provide for the best quality of life possible that works best for them. Whether it be seniors living in the community through the support of personal care services, or the respite care that allows a parent to keep their child with a disability living at home. We have a higher purpose than just handing out Medicaid cards. The Medicaid program is a promise to help individuals live up to their highest potential, leading healthier, more fulfilling, and more independent lives.

Medicaid is central to our promise to the American people. It's a promise that we at CMS, and President Trump, care deeply about, and it's a promise that must be refitted and renewed for each generation. We fail to live up to that promise when Medicaid merely provides a card without care. That's why we're ushering in a new day for Medicaid at CMS, not closing the book, but turning the page and starting a new chapter.

For those of you who don't know me, I have worked in the trenches of Medicaid for many years, working side by side with states to help them reform and strengthen their programs. I've shared the hopes, fears, and trust of countless Medicaid recipients, as well as their families and caregivers. I've seen the difference it has made in the lives of people like Richard and Kristy, and I am deeply committed to this program.

However, I have also seen that our safety net should be stronger to ensure that no deserving Americans fall through the cracks. We must and we can serve them better. The challenges are great and so must be our solutions.

When the federal government established the Medicaid program, it was intended to be a partnership between the federal and state governments to care for society's most vulnerable citizens, with both jointly contributing towards the costs. The relationship has changed over the years, and I would not describe our current status as a partnership. With Medicaid being an open-ended entitlement, the program has grown and grown and states have spent more and more. In 1985, Medicaid spending consumed less than 10% of state budgets and totaled just over \$33 billion dollars^[1]. In 2016 that number had grown to consume 29% of total state spending at a total cost of \$558 billion dollars ^[2]diverting state resources from other areas such as education and economic development. And with increased state spending came increased federal spending, which naturally meant increased federal oversight and regulation.....and regulation..... and more regulation. Today the federal government reviews and scrutinizes every single decision... dictating how the program is run in many aspects. As an example, the state of Nebraska recently reviewed its original Medicaid State Plan, and it was only 17 pages long. Today, that agreement is thousands of pages long.

However, despite our growth in spending, and in regulations, more than 1/3 of doctors won't even see Medicaid patients^[3]. And as the rolls have greatly expanded, it has led to longer delays...longer travel times...longer waits for care for those who rely on the program. Not only is this unacceptable, it puts increasing burdens on some of our most vulnerable populations, people like Richard and Kristy.

To paraphrase Hubert Humphrey, the moral tests of any government is how it treats those in the dawn, the twilight, and the shadows of life.

Our vision for the future of Medicaid is to reset the federal-state relationship, and restore the partnership, while at the same time modernizing the program to deliver better outcomes for the people we serve. It's what I believe we all want. We have an obligation to help those who need it most, and we need to ensure that we are building a Medicaid program that is sound and solvent and helps all beneficiaries reach their highest potential.

In order to accomplish this, we are focused on three areas: Flexibility, Accountability, and Integrity.

First let me discuss flexibility. We are a diverse country, and that diversity gives us strength, but New York doesn't have the same challenges as Mississippi, or even Alaska – a frontier state that has to fly patients to receive even routine care. No two states are alike, the delivery systems and needs are different. When I was working on behalf of states, I never designed the exact same program twice, because every state had different ideas, different needs, and different challenges.

That's why Washington shouldn't design a cookie cutter Medicaid program. Instead, we need to respond to this diversity by empowering states to work with their communities, their providers, and citizens to design a program that meets their diverse needs. As we turn the page in the Medicaid program, CMS wants to support states in their efforts, we want you to create innovative programs for the people you serve, because we believe you know what is best.

Past administrations haven't always respected this diversity, and instead imposed a "Washington knows best" one-size-fits all Medicaid policy. Maybe that is why Medicaid has faced problems for decades. Problems with access, problems with quality, and problems with program integrity, and rather than fixing these problems, the Affordable Care Act just put more people in the program, further exacerbating the issues and jeopardizing care to our most vulnerable citizens, the population that the program was originally designed for.

The ACA moved millions of working-age, non-disabled adults into a program that was created to care for seniors in need, pregnant mothers, children and people with disabilities, stretching the safety net for some of our most fragile populations, many of whom are still on waiting lists for critical home-care services while states enroll millions of newly-eligible able-bodied adults. The ACA also gave states a higher federal reimbursement than they do for our most vulnerable citizens. If the match rate is a reflection of the value we place on caring for our neediest citizens, this is backwards.

While many responded to this expansion with celebration, we shouldn't just celebrate an increase in the rolls, or more Medicaid cards handed out. For this population, for able bodied adults, we should celebrate helping people move up, move on, and move out. We have a moral responsibility to do more than just give them a card, we have a responsibility to give them care.

The thought that a program designed for our most vulnerable citizens should be used as a vehicle to serve working age, able-bodied adults does not make sense, but the prior administration fought state led reforms that would've allowed the Medicaid program to evolve to meet the needs of these new individuals, and they did this, even when increased coverage was at stake.

Before becoming Administrator, I experienced this first-hand when I worked with states to adapt to the ACA. When designing waivers, I found that many states wouldn't even put their own ideas forward because they assumed they would be rejected by Washington. Those days are over. We are resetting the partnership between the states and the federal government and that work has already begun.

I am pleased to announce several initiatives today that demonstrate our commitment to supporting states and innovation. But, before I do that, I want to take some time to thank my Deputy Administrator Brian Neale and the entire team at the Center for Medicaid and CHIP Services for the amazing accomplishments and progress they've made in such a short amount of time. They are truly dedicated public servants and care deeply about the Medicaid program. Thank you for your service.

Today, the CMS website contains new information for states about our expanded vision of what types of projects can achieve Medicaid's objectives. As you know, demonstration projects offer an avenue for states to pioneer innovative approaches that deliver local solutions to local problems. In support of this, we want to make sure that the lens through which we view proposals is clear, and responsive, to the requests we have received from states.

One of the things that states have told us time and time again is that they want more flexibility to engage their working-age, able bodied citizens on Medicaid. They want to develop programs that will help them break the chains of poverty and live up to their fullest potential. We support this.

As Medicaid has expanded to able-bodied individuals, the needs of this population are even more imperative. These are individuals who are physically capable of being actively engaged in their communities, whether it be through working, volunteering, going to school or obtaining job training. Let me be clear to everyone in this room, we will approve proposals that promote community engagement activities.

Every American deserves the dignity and respect of high expectations and as public officials we should deliver programs that instill hope and say to each beneficiary that we believe in your potential.

For the future of our country, we need all Americans to be active participants in their communities. Currently, the labor-force participation rate for men 25 to 54 is lower than it was during the Great Depression^[4]. To maintain the continued strength of the American economy, this must change. But this isn't just about the strength of our economy, it is also vital for the quality of life of our beneficiaries. For people living with disabilities, CMS has long believed that meaningful work is essential to their economic self-sufficiency, self-esteem, wellbeing and improving their health. Why would we not believe that the same is true for working age, able-bodied Medicaid enrollees?

Believing that community engagement requirements do not support or promote the objectives of Medicaid is a tragic example of the soft bigotry of low expectations consistently espoused by the prior administration. Those days are over.

We owe our fellow citizens more than just giving them a Medicaid card, we owe a card with care, and more importantly a card with hope. Hope that they can achieve a better future for themselves and their families. Hope that they can one day break the chains of generational poverty and no longer need public assistance, and the hope that every American, no matter their race, creed, or origin, can reach their highest potential. We will approve proposals that accomplish this goal.

Ultimately, Medicaid laws need to change, so that states don't need permission from CMS to develop unique and innovative solutions. Initiatives that restructure Medicaid away from an open-ended entitlement to a more fiscally-secure program will allow all of us to move away from the back-and-forth negotiations between states and CMS over waivers, plan changes, and expenses, to a collective focus on improving health outcomes for the people we serve. Preserving the program for future generations.

But until the law changes, I am proud to announce we are taking action through a number of changes that make it easier than ever before for states to design innovative approaches to improving quality, lowering costs, and delivering value to our beneficiaries. We will begin the review of every proposal by clearly defining timelines so that we can hold each other accountable and we can both plan effectively. We will move to fast-track approvals for certain routine or prior approved proposals, and for the first time in CMS history, we will approve some waivers for a period of up to ten years if they are shown to be successful. This will relieve the burden of states having to come back to CMS time and time again, increasing administrative costs for taxpayers, and detracting our focus from improving the health outcomes of our beneficiaries. We are also minimizing the administrative burden on states by reducing the onerous amount of waiver reporting that has been required in the past. We need data but we will only ask states for what is essential.

We are making innovation easier. If we approve an idea in one state, and another state wants to do the same thing, we will expedite those approvals. However, we won't approve every idea, the law will be our guideposts, and we will also ensure that proposals will not result in additional costs for taxpayers.

CMS is also going to roll back burdensome regulations that the federal government has imposed on states. We will focus on modifying regulations that dictate processes but don't meaningfully contribute to improving outcomes for beneficiaries, and we will start this effort beginning with both the managed care and access rules.

Medicaid must also be flexible enough to allow states to respond quickly to emerging health threats. Today, drug overdose is the leading cause of death among people under 50. This is a national tragedy. Many of us, including myself had friends and neighbors fall victim to this crisis. In response to this, President Trump has asked HHS to declare a national public health emergency and has directed all federal agencies to take swift action to respond to this crisis. In response, CMS released new guidance to increase access to treatment for Medicaid beneficiaries. We are expediting states' ability to respond to this epidemic by allowing them to unlock critical residential services for Americans with substance use disorder. We are waiving the 1970s era law that prevented Medicaid beneficiaries from receiving treatment for substance use in certain settings. Currently, many individuals are desperately waiting for treatment and we can now give states immediate freedom and resources to unlock new treatment options and ultimately save lives. The previous administration allowed this pathway, but created onerous upfront requirements that ultimately were a barrier to states trying to respond to the growing epidemic. Only four states gained approval during the prior administration, in contrast, we have already approved waivers in New Jersey and Utah, and many more approvals are coming in following weeks.

Another area greatly needing improvement is the process for reviewing and approving state plan amendments, which are routine changes a state wants to make to their programs.

When I came to CMS, I inherited over 300 state requests, some of them as old as eight years. This is unacceptable and we are taking swift action to correct this. Our improvements will result in faster processing, and a strategy to reduce the current backlog of unresolved state requests.

So now it is up to you, the states, to put your innovative ideas into practice. We very much look forward to your proposals and helping you implement successful initiatives that improve the health and lives of the diverse set of beneficiaries you serve.

On to our second area: accountability. With this new era of flexibility, however, must also come a new era of accountability. For all those depending on Medicaid, CMS must be a good steward for the program. Otherwise we won't be able to help our neediest citizens, either now or in the future. While we will support you with increased flexibility and reduced regulations, we will also hold you accountable for achieving positive outcomes. Waivers will require strong

evaluation components, so we can understand the impact on recipients, duplicate best practices, and identify areas needing improvement.

As long as I am CMS Administrator you will hear that we have a higher purpose than just funding healthcare. We owe it to our beneficiaries to make sure that our spending produces tangible results. Medicaid serves nearly 75 million Americans at a cost of over \$558 billion per year to taxpayers, and despite that spending, we have wide disparity between states when it comes to healthcare spending, some appropriate, and some not.

We need to ask serious questions about a system that, according to a Kaiser Family Foundation report earlier this year, allows one state to spend nearly \$45 thousand per person to care for the same category of enrollee that it costs another state less than \$9 thousand^[5]. We need greater accountability and transparency to find out why this disparity exists, if we are all going to work together to make Medicaid a more sustainable program.

Medicaid also covers approximately half of the babies born in this country. With such a large impact on the next generation of Americans, it is vital that we track birth outcomes. We should be able to assess our impact, how many Medicaid babies are thriving due to the early interventions you have designed, but also how many children are born with an addiction or other health challenge so that we can find ways to help mothers deliver healthy babies and give the next generation the start in life they deserve.

We not only owe it to the beneficiaries we serve both young and old, but to the taxpayers funding them to make sure that our investments are actually producing positive health outcomes and helping our recipients lead better, more independent lives.

To this end, I am proud to announce, that we are creating the first ever state by state Medicaid and CHIP Scorecard. This is a historic opportunity to transition from merely following federal rules and processes to focusing on achieving positive health outcomes – tangible results that will improve the lives of our beneficiaries. The Scorecard will allow us to demonstrate your progress to the nation and allow others the opportunity to learn from your successes. This Scorecard isn't just for States, but for CMS as well, because good partners hold each other accountable.

The public deserves transparency from us. They deserve to know if we are spending their hard-earned tax dollars appropriately and our beneficiaries deserve to know if the \$558 billion spent on Medicaid is producing positive results. But for this to be possible, it is critical that we have timely, accurate and complete data that allows us to tell the whole story – your story. You are doing amazing work that should be talked about, debated, and replicated. We now have 48 states that are live and reporting a more complete dataset to CMS. We will work with you in the coming months to onboard the remaining states and ensure that this data is accurate and of high quality. I ask that you commit yourselves and your resources to join us in this effort, as meaningful data collection is an important priority for CMS and this administration. I truly believe that the data we collect and report through our Scorecard will lead to a stronger, more sustainable and accountable Medicaid program.

And now to our third area, program integrity. Medicaid is a vital part of our social safety net, and we must ensure the sustainability of Medicaid by stopping waste, fraud and abuse. Many of you in this room have been leading the charge on this at the state level, and we are committed to providing more resources to help in this effort.

The examples are endless. One is a medical supply store that was fraudulently billing Medicaid for equipment that never made it to patients. In January, a physician in New York was convicted for helping to fuel the opioid epidemic by selling prescriptions for pain medications, authorizing his staff to issue prescriptions for controlled substances, and falsifying medical records.

We will partner with you to stop waste, fraud, and abuse. We will work with you to ensure that all of our expenditures are appropriate and our eligibility determinations are accurate and consistent with federal policies. We will work to refine budget neutrality calculations and the use of designated state health programs.

As I said earlier, and will continually say, Medicaid is too vital a program to let fraud and inappropriate spending threaten it. We have a responsibility to those who depend on us, to make sure that the Medicaid program will be around for them and for those who might need it in the future.

We have a higher purpose than just handing out Medicaid cards and being a financier of healthcare. Medicaid is a promise, both to our beneficiaries and to the American people that fund our programs. Our promise to beneficiaries is that we will ensure that our programs address your specific needs and give you access to high quality healthcare. We will not just accept the hollow victory of numbers covered, but will dig deeper and demand more of ourselves and of you. For those unable to care for themselves, we will create sustainable programs that will always be there to provide the care you need, to provide choices, and allow you to live as independently as possible. For those that just need a hand up, we will provide you the opportunity to take charge of your healthcare and assist and empower you to rise out of poverty and government dependence to create a better life for yourselves and your family. In 1964, while members of Congress from both parties were debating the creation of Medicaid, President Johnson said: "Our aim is not only to relieve the symptoms of poverty, but to cure it and, above all, to prevent it." If we are going to live up to the promise of Medicaid, we need to do more than simply pay for healthcare services...it's why we believe community engagement requirements are actually in the spirit of Johnson's idea. What I ask for from those of you in this room today and those that are working in Medicaid programs all across the country... Join with us in creating a Medicaid system that reaches its full potential to be a force for good in American life.

Local communities are the cradles of innovation and we need your ideas. Help us create a better, stronger Medicaid program. Help us create the accountability and transparency that the American people deserve to make sure that we are all doing our jobs.

I would like to invite everybody here today who have fought the political healthcare battles over the last decade to take a deep breath, exhale, and agree to reset as a group. We are all here for the exact same reason. We care about the most vulnerable Americans. And while we may debate about how Medicaid should be structured and how to apply resources, the simple fact remains that we are on the same team. We are Americans working together to help Americans in need. It's not simply about providing people with a card—but with care, and with hope.

If we are going to be successful in confronting our present challenges, and prepare for the challenges of the future, it's going to take all of us – the entire healthcare community, to come together to find creative solutions. I invite you to join us in this dialogue and I am honored to have had the opportunity to speak with you today.

Thank you.

[1] https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/ER_1987.PDF

[2] [https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/State%20Expenditure%20Report%20\(Fiscal%202014-2016\)%20-%20S.pdf](https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/State%20Expenditure%20Report%20(Fiscal%202014-2016)%20-%20S.pdf)

[3] <https://khn.org/news/third-of-medicaid-doctors-say-no-new-patients/>

[4] <http://www.aei.org/publication/where-did-all-the-men-go/>

[5] <https://www.kff.org/medicaid/fact-sheet/data-note-variation-in-per-enrollee-medicaid-spending/>



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