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New flexibility for states to improve Medicaid and implement innovative practices

*New rules will make Medicaid more flexible and efficient,
helping states provide better care and lower costs*

The U.S. Department of Health and Human Services (HHS) today announced four initiatives to give states more flexibility to adopt innovative new practices and provide better, more coordinated care for people with Medicaid and Medicare while helping reduce costs for states and families. The initiatives support the Obama administration's work to make Medicaid more flexible and efficient and to address long-term cost growth. Several of the announcements also help implement provisions of the Affordable Care Act. Today HHS announced:

- Fifteen states will receive federal funding to develop better ways to coordinate care for people with Medicare and Medicaid coverage, also known as dual eligibles, who often have complex and costly health care needs.
- All states will receive increased flexibility to provide home and community-based services for more people living with disabilities.
- All states are eligible to receive more money to develop simpler and more efficient information technology (IT) systems to modernize Medicaid enrollment.
- A proposal by the state of New Jersey for flexibility to expand health coverage for nearly 70,000 low-income residents has been approved.

“Medicaid programs provide health coverage for millions of low-income Americans who otherwise would lack access to health care,” said HHS Secretary Kathleen Sebelius. “With these new resources and flexibilities, states will have new options to make their Medicaid programs work better for the people they serve, while helping lower their costs.”

Coordinated Care for People with Medicare and Medicaid

Under a new initiative funded by the Affordable Care Act, 15 states will receive up to \$1 million each to develop new ways to meet the often complex and costly medical needs of the approximately nine million Americans who are eligible for both the Medicare and Medicaid programs, known as “dual eligibles.” The goal of the program is to eliminate duplication of services for these patients, expand access to needed care and improve the lives of dual eligibles, while lowering costs. The new Federal Coordinated Health Care Office, or the Duals Office, at the Centers for Medicare & Medicaid Services (CMS), was created by the Affordable Care Act to improve care for dual eligibles and will work with the states to implement the top strategies to coordinate primary, acute, behavioral and long-term supports and services for dual eligibles, improving quality and lowering costs.

The 15 states that will receive these funds are California, Colorado, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Vermont, Washington and Wisconsin.

“Beneficiaries who are in both Medicare and Medicaid can face different benefit plans, different rules for how to get those benefits and potential conflicts in care plans among providers who do not coordinate with each other,” said Donald M. Berwick, M.D., administrator of CMS. “This can be disastrous for those beneficiaries who are most vulnerable and in need of help.”

Helping People with Disabilities Live in their Communities

CMS proposed new rules today giving states new flexibility for their programs to help people with disabilities choose to live in their communities rather than in institutions. The proposed rules reduce administrative barriers for states seeking to help multiple populations, which may include seniors and/or people with different types of disabilities. They will also allow individuals to participate in the design of their own array of services and supports, including such things as personal care and respite services for caregivers.

“These long awaited rules will help people living with disabilities realize the promise of the ADA to live in the least restrictive environments possible for them—like their own homes,” said Henry Claypool, director of the Office on Disability at HHS. “With these new tools as well as incentives included in the Affordable Care Act, states, working closely with advocacy groups, beneficiaries, and other stakeholders, can more easily develop effective plans to improve options for people with disabilities. We hope states will take advantage of this new flexibility.”

The proposed rule, CMS-2296-P, can be found at www.ofr.gov/inspection.aspx.

Developing and Upgrading Medicaid IT Enrollment Systems

New rules issued today will provide 90-percent of the cost for states to develop and upgrade their IT systems to help people enroll in Medicaid or the Children’s Health Insurance Program (CHIP) – and 75-percent of ongoing operational costs. This increase over the previous federal matching rate of 50-percent will help states prepare for the Medicaid improvements and expansion that will come in 2014 from the Affordable Care Act, when many more Americans will be eligible for these programs, and to coordinate enrollment with the Exchanges. The rules establish performance standards for the improved eligibility systems to promote greater efficiency and a more consumer-friendly enrollment process.

The final regulation, CMS-2346-F, can be found at www.ofr.gov/inspection.aspx.

Expanding Health Coverage in New Jersey

HHS Secretary Kathleen Sebelius today approved a Section 1115 demonstration for New Jersey that will expand health coverage to nearly 70,000 uninsured, low-income people through the Work First New Jersey program. In addition, the state will increase care coordination to improve health outcomes for participants in the program.

“This demonstration is yet another example of the many flexibilities states have to adapt their Medicaid programs to better serve their residents,” said Secretary Sebelius. “I want to commend New Jersey for expanding coverage to people in need.”

For more information about these announcements, visit www.cms.gov/apps/media/fact_sheets.asp.

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