



Shared Priorities from the Governors' Bipartisan Health Reform Learning Network

June 20, 2017

Governors are leading the way in innovating and improving health care for their state residents. In support of these efforts, the National Governors Association Center for Best Practices' (NGA) *Governors' Bipartisan Health Reform Learning Network* (Network) was established to build a dialogue for leaders from states across the country on health reform and to provide a forum for states to share concerns and identify concepts for strengthening the state-federal partnership in the areas of private health insurance, Medicaid and public health.

This Network, launched in March 2017, includes 13 states – with six Republican governors and seven Democratic governors.¹ The group convened in early June to discuss state-based ideas on how to continue to improve the U.S. health care system. The following is the product of that meeting.

While the states participating in the Network individually may have different health care priorities that are not referenced, extend beyond, or may not be completely consistent with this document, the following represents a collection of bipartisan ideas generated by the Network during their meeting in June 2017. Please note these findings are representative only of the 13 states in the Network and not the collective members of the NGA.

STRENGTHENING THE STATE-FEDERAL PARTNERSHIP

States are eager to work with federal partners on initiatives that will lower costs, enhance quality and improve the overall health of our nation. It is critical, however, that any proposed changes to Medicaid and the private health insurance market reflect states' experience as major health care purchasers, regulators and administrators who will be responsible for carrying out new reforms.

- **State Engagement.** When considering major federal statutory and regulatory changes, the federal government must bring governors and state officials into the dialogue to offer bipartisan state perspectives early in the process.

¹ There are 13 states in the *Governors' Bipartisan Health Reform Learning Network*: California, Delaware, Kentucky, Minnesota, Montana, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington and Wyoming.

- **Transition Period.** The federal government should provide an adequate transition period for federal legislative and regulatory changes that accounts for state legislative, administrative and budgetary cycles. States can provide information as to mutually beneficial timing.
- **Cost-Shifting.** Supporting vulnerable populations is a shared responsibility between the federal government and states. It is critical that Congress continue to maintain a meaningful federal role in this partnership and not shift costs to states. Significant cuts to Medicaid will impact coverage for millions of low-income individuals and could impede state efforts to address the underlying factors driving health care costs, such as pharmaceuticals, long-term care and the social determinants of health.

PRIVATE HEALTH INSURANCE PRIORITIES

As Congress considers reforms to private health insurance, prompt federal action is needed to achieve short-term market stability and predictability. Longer-term reforms should provide meaningful flexibility for states to shape the market based on the unique preferences and priorities of their residents, as well as financial supports that make coverage affordable and accessible.

Stabilization of the Private Health Insurance Market

Quick federal action is needed to address the short-term stability of the health insurance marketplaces and establish an infrastructure and financing mechanism for longer-term risk stabilization programs.

- **Cost-Sharing Reductions.** The federal government should fully fund the cost-sharing reductions (CSRs) for the remainder of CY 2017 and CY 2018 and offer long-term certainty about the future of CSRs.
- **Reinsurance.** The federal government should create a reinsurance program that is adequately funded to stabilize the market with an option for states to operate their own risk stabilization programs with federal support. States that choose not to run their own program should not be subject to differential match rates.

State Authority and Flexibility

Changes to the health insurance marketplaces should respect the historic authority of states to regulate their own insurance markets and provide flexibility in the use of federal funding. State leaders are acutely aware of the needs of their residents and are best positioned to address those needs. Reforms that honor state flexibility should ensure that state laws enacted to define private coverage for state residents are not preempted.

- **State as Primary Regulator.** States should be recognized as the primary regulators of the individual and employer health insurance market with sole authority to permit the sale of insurance products across state lines.
- **Benchmark Plans.** State should be provided with greater flexibility in selecting or creating essential health benefits benchmark plans, while retaining a default benchmark for states that do not select one.

444 N. CAPITOL STREET NW, SUITE 267, WASHINGTON D.C., 20001



NGA.ORG

- **Section 1332 State Innovation Waiver Process.** The federal government should take steps to simplify and expedite the section 1332 state innovation waiver approval process, including allowing states to concurrently complete multiple steps in the approval process.
- **Coordinated Waivers:** States should have flexibility to receive coordinated waivers across Medicaid and health insurance marketplace coverage with the opportunity to implement innovations that can result in shared savings across programs.
- **Modifying the Federal Platform.** States on the federal platform should be able to pursue waivers that would modify federal platform functionality.

Affordability and Accessibility of Health Insurance

Any changes to the individual health insurance market should recognize that sufficient participation is key for maintaining a healthy risk pool that spreads risk in a cost-effective manner. To have adequate participation in the market, it is crucial that the coverage is affordable and that there is appropriate financial support for low-income individuals to purchase high-quality coverage.

- **Premium Tax Credits.** Advanceable and refundable premium tax credits should reflect income, age and regional variation in costs with any federal legislative change. Tax credits should phase out gradually at higher income levels.
- **Family Glitch.** The “family glitch” should be fixed regarding eligibility for premium tax credits by accounting for the cost of employer-sponsored insurance for all eligible members of a household.

MEDICAID PRIORITIES

Medicaid is a partnership between states and the federal government. In considering changes to Medicaid, the federal government should ensure states have the support and flexibility needed to continue innovating and finding new ways to deliver high-quality care at a lower cost. Building on state efforts to address health care cost-drivers can provide more predictability for states and the federal government, while creating sustainable savings for Medicaid and the broader health care system.

The following state-based ideas for improving the Medicaid program assume that the federal government maintains the traditional financing of the program, which includes preserving state flexibility to finance the non-federal share of their programs.

Financing and Flexibility

Any health reform package should maintain adequate federal support for Medicaid, while providing states the flexibility to innovate and tailor solutions to meet the needs of their residents.

- **Medicaid Expansion.** For the majority of the Network states that expanded Medicaid, maintaining coverage for those populations at the federal matching rate under current law is of critical importance. *(With the exception of Kentucky which does not agree with this statement).* States that did not expand Medicaid are seeking to either continue to have that opportunity at the federal matching rate under current law or to extend or modify coverage with additional state flexibility to tailor populations covered and benefits.

444 N. CAPITOL STREET NW, SUITE 267, WASHINGTON D.C., 20001



@NatIGovsAssoc

NGA.ORG

- **Medicaid Managed Care Rule.** The Centers for Medicare & Medicaid Services (CMS) should act quickly to delay implementation of the Medicaid managed care rule pending review and consideration of states' concerns, including provisions affecting directed payments, the Institutions for Mental Disease (IMD) exclusion and rate setting.
- **Waiver Reforms.** The federal government should streamline the process for states seeking to innovate through Medicaid waivers by:
 - Creating a path to permanency for successful waivers;
 - Permitting expedited approvals for waiver renewals that do not include substantive changes;
 - Facilitating the process for states that seek to replicate successful elements from other states;
 - Approving waivers for longer periods (e.g., 10 years); and
 - Working with states to develop shared outcome measures to evaluate similar waiver types.
- **Budget Neutrality.** When determining budget neutrality for section 1115 waivers, the federal government should account for savings that accrue to federal programs beyond Medicaid (e.g., Medicare).

Delivery and Payment System Reform

Governors have been leaders in pursuing new payment and delivery reforms to lower the trajectory of health care spending, while improving health care quality and outcomes. Continued federal support and investment is critical to ensuring states can maintain and build on those efforts to drive greater value into the health care system. Reform efforts also must include Medicare and commercial payers, as Medicaid alone cannot bend the overall cost curve of health care spending.

- **Partnering with Medicare.** The federal government should ensure that Medicare is an active partner in state health care transformation efforts by:
 - Ensuring alignment across delivery and payment system reforms in Medicare and Medicaid;
 - Providing states with timely access to Medicare data; and
 - Creating more opportunities for states to share savings that accrue to Medicare from their efforts to improve care for the dual eligible population.
- **Health Information Technology.** The federal government should continue to provide funding for health information technology while streamlining and simplifying the ability of states to access the 90/10 enhanced match.
- **Behavioral Health.** The federal government should support and expedite state efforts to address behavioral health needs, including behavioral health integration and expanding access to substance use disorder benefits for Medicaid enrollees through health homes and Section 1115 waivers. The IMD exclusion should be eliminated or modified to ensure states can provide the full continuum of evidence-based mental health and substance use disorder treatment to Medicaid enrollees.

444 N. CAPITOL STREET NW, SUITE 267, WASHINGTON D.C., 20001



@NatIGovsAssoc

NGA.ORG

- **Social Determinants of Health.** The federal government should provide states with the flexibility to cover evidence-based services that improve health outcomes and provide a return on investment by addressing the social determinants of health.

Predictability for States

Addressing the cost drivers in the health care system, such as pharmaceuticals and long-term services and supports (LTSS), will not only help reduce the growth of health care spending but also provide predictability to states and the federal government. These challenges should be addressed in any federal efforts to improve the sustainability of Medicaid and the broader health care system.

- **LTSS.** Unless there is change in the system that would allow coverage of LTSS by Medicare and commercial payers, the Medicaid program will remain the primary payer of LTSS for the nation’s rapidly growing elderly population. The federal government should provide more flexibility and support to states in their efforts to improve the quality and value of LTSS, for example, by creating an expedited process by which states could decouple nursing facility criteria from eligibility for home and community-based services.
- **Pharmaceuticals.** States require more tools to address the rate of growth in the price of certain pharmaceuticals. Such tools include eliminating certain Medicaid prescription drug benefit requirements, while allowing states to retain federal match and best price protection. For example, states should be allowed to use the tools available to commercial health plans for determining which drugs they cover. The federal government also should eliminate the requirement that states must cover every FDA-approved drug.

PUBLIC HEALTH PRIORITIES

States stand at the front lines of public health crises, health promotion and disease prevention. Continued federal support is critical to maintain and build upon public health initiatives that lead to healthier populations, while reducing health care costs.

- **Essential Funding.** Essential funding should be preserved for public health and maternal and child health programs such as the Prevention and Public Health Fund, Children’s Health Insurance Program and the Title V Maternal and Child Health Services Block Grant.
- **Opioid Crisis.** The federal government should support and expedite state efforts to address the opioid crisis across the continuum, from prevention through treatment and recovery, by incentivizing data-driven initiatives and evidence-based practices to reduce opioid addiction and address substance use disorders more broadly. Specific steps include:
 - Developing additional guidance regarding best practices for medication-assisted treatment and the distribution of naloxone;
 - Expanding the Centers for Disease Control and Prevention’s Prevention for States program and Data-Driven Prevention Initiative; and
 - Extending the Maternal, Infant, and Early Childhood Home Visiting Program, which includes a focus on substance use disorder prevention.

444 N. CAPITOL STREET NW, SUITE 267, WASHINGTON D.C., 20001



@NatIGovsAssoc

NGA.ORG