

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
“The Consequences of Obamacare: Impact on Medicaid and State Health Care Reform”
March 1, 2011

Today we will hear the views of several of the nation’s governors on the impact of the Affordable Care Act and on the nation’s critical safety net health program—Medicaid.

Medicaid and the ACA are both partnerships between the Federal and State governments. We share the responsibility for making these programs run efficiently and serve the needs of the populations that depend on them. So this can and should be a productive dialogue. But in my view that does not include relitigating the Affordable Care Act.

ACA is already delivering important benefits: prohibiting insurance companies from rescinding insurance when someone gets sick, requiring coverage of preventive care for no cost, allowing young adults to stay on their parent’s insurance up to the age of 26, and more.

Three new reports we are releasing today highlight the benefits of the new law in the states represented by the three Governors who will be testifying. They show, for example, that in Utah, 1.8 million residents are already receiving consumer protections against the worst abuses of the insurance industry. In Mississippi, over 30,000 seniors have already saved hundreds of dollars on high Medicare drug costs. I’d like to ask that these reports—which show precisely how much the Affordable Care Act will help millions of Americans—be included in the record.

The Affordable Care Act gives States a major role in its implementation, it allows great flexibility for States to run new health insurance exchanges, and to continue to run their Medicaid programs—the subject of today’s hearing. Some at the recent Governors’ Association meeting have called to change Medicaid to a block grant to increase flexibility.

At this time, I would like to submit for the record a February 3rd letter from Secretary Sebelius describing the flexibility that exists in the Medicaid program and making a commitment to work closely with states on what changes they would like to make.

It is no secret that States are having problems with their budgets, and that the recession is a significant contributor. When unemployment increases, state revenues decline, and more people rely on Medicaid and CHIP.

And Medicaid has been working exactly as intended. Medicaid has enrolled an additional 6 million people during the recession, many who lost other forms of insurance when they lost their jobs.

Medicaid is the final safety net for these families. But the program is still extremely efficient. As a matter of fact, Medicaid's spending growth on a per enrollee basis has been slower than increases in private health insurance premiums.

What would be helpful here is to make Medicaid a program that automatically corrects for recessions and disasters with additional federal support so States are not stretched beyond their means at times of economic stress – when Medicaid enrollment grows to help people losing their jobs or in crisis.

I want to highlight other important facts about the program:

- Medicaid covers 45 million low-income children and adults.
- It assists almost 9 million seniors and people with disabilities with Medicare costs.
- It covers 70% of nursing home residents and 44% of people with HIV/AIDS.

It is the nation's safety-net program that helps those most severely in need.

The program's benefit package responds to the needs of the population it serves, providing pre-natal and delivery care, speech and occupational therapy, case management, and community based care that helps individuals with disabilities stay out of the nursing home.

Medicaid offers States considerable flexibility in the management and design of the program. Within the confines of minimal federal protections, states design their benefits package, they determine coverage levels, and they set provider payment rates. They can get waivers of other Federal requirements to adjust coverage and payment rules—and many states have done so.

To be clear, there are aspects of the program we can improve. We can reduce costs for 9 million dually eligible beneficiaries—low-income seniors and disabled that are eligible for both Medicare and Medicaid. This group accounts for just 15% of total enrollment, but 39% of total Medicaid costs.

Here's where the ACA helps the states. It establishes the Federal Coordinated Health Care Office to reduce the costs and increase the quality of care for the duals. It established the Center for Medicare and Medicaid Innovation with a charge to identify and develop policies to improve care and cut costs.

These are the changes we need to concentrate on—not radical changes that will add to the number of uninsured. The latest Governor’s Association called for changing this program into a block grant with no standards for coverage or care.

This idea was discredited thirty years ago, and it will be discredited again.

It will leave states with inadequate funding—and remove the Federal commitment to be a full partner.

It will result in loss of coverage for the most vulnerable—severely disabled adults and children, people needing nursing home care, and poor children and families.

It will exacerbate unfair distributions of dollars among the States.

Calls to block grant, cap, or cut this program under the guise of flexibility and fiscal restraint are short sighted.

I hope today we can concentrate on how we can work together to make our programs run better—not to destroy them, and not to turn our backs on the critical safety net provided by Medicaid, and the important new benefits that millions of Americans are and will receive under the Affordable Care Act.