



July 30, 2021

The Honorable Frank Pallone, Jr.  
Chairman  
House Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Patty Murray  
Chair  
Senate Committee on Health, Education,  
Labor & Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

**Submitted via email at [publicoption@mail.house.gov](mailto:publicoption@mail.house.gov) and [publicoption@help.senate.gov](mailto:publicoption@help.senate.gov)**

***Re: Response to RFI - Public Health Insurance Option Design Considerations***

Dear Chairman Pallone and Chair Murray:

Thank you for your leadership of the House Committee on Energy and Commerce and the Senate Committee on Health, Education, Labor & Pensions, respectively. We value your commitment to helping ensure access to health care for the tens of millions<sup>1</sup> of Americans who are uninsured or underinsured and to lower health care costs for American families.

On behalf of the Medicaid Health Plans of America (MHPA), I am writing in response to your request for information (RFI) on design considerations for legislation to develop a public health insurance option. MHPA represents the interests of the Medicaid managed care industry through advocacy and research to support innovative policy solutions that enhance the delivery of comprehensive, cost-effective, and quality health care for Medicaid enrollees. MHPA works on behalf of its 140+ member health plans, known as managed care organizations (MCOs), which serve more than 40 million Medicaid enrollees in 40 states, Washington, DC, and Puerto Rico. MHPA's members include both for-profit and non-profit, national and regional, as well as single-state health plans that compete in the Medicaid market.

The Congressional Budget Office (CBO) estimates that 30 million individuals were uninsured in 2019, but that 20 million of those uninsured have had access to subsidized Medicaid, the Exchange marketplace, or employer coverage, and remained uninsured due to a lack of awareness of subsidized coverage eligibility, the complexity of the enrollment process, or concerns about affordability.<sup>2</sup> The Medicaid "coverage gap" is an indicator of the extent of uninsurance in the United States that is reflective of people with incomes below the poverty line who are uninsured and lack access to, or awareness of, affordable coverage options. In 2019, approximately 60% of people in coverage gap were people of color and, while a varied group,

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<sup>1</sup> Congress of the United States Congressional Budget Office. "Who Went Without Health Insurance in 2019, and Why?" (September, 2020), <https://www.cbo.gov/publication/56504>

<sup>2</sup> CBO, September 2020. Please note that Figure 1 in the CBO report does not reflect the impact of the American Recovery Act on individuals with incomes too high to be eligible for subsidies through the Affordable Care Act.

many individuals fell into the coverage gap because of their employment challenges and caregiving responsibilities.<sup>3</sup>

Efforts by policymakers to expand health care coverage should consider pathways that facilitate access to quality health care and support services for the most vulnerable, low income, and underserved populations. Specifically, we respectfully request that you consider the critical role of the Medicaid program as a proven and cost-effective platform to facilitate access to health care. Medicaid is designed to make access to health coverage attainable for those who are in need and is how almost 75 million individuals in our country receive their health care today.

Medicaid is the country's largest health care program, addressing the diverse needs of a broad spectrum of individuals – including children, pregnant women, adults with lower incomes, as well as people with disabilities and complex subpopulations, including those with chronic and multi-morbid conditions. The Medicaid program's ability to control costs as well as to scale initiatives (e.g., transitioning to adopt value-based payment) make it uniquely positioned to ensure that access to coverage is available to large and diverse groups while also reducing health care costs. Medicaid is distinctively designed to meet the needs of individuals who would typically be considered higher risk – including people with multiple chronic conditions and those with functional needs. In other words, Medicaid manages significantly higher risk individuals than commercial populations and can withstand the fluctuations in enrollment and changes to the risk pool that could otherwise, if managed in the commercial market, result in increased costs to individuals and employers. Notably, Medicaid is the primary vehicle for addressing health disparities in our country.

The RFI seeks “information on the public option's key design considerations including how it can lower the cost of health care for American families and dramatically expand coverage.” Given the collective Medicaid and health system experience of MHPA member plans, we have focused our response to the RFI on Question 7.

***7. How should the public option interact with public programs including Medicaid and Medicare?***

We believe that affordability of health care services should not be a barrier for individuals with health care needs and support access to health care coverage for all Americans. We share the Committee's goal to make health care simpler and more affordable and believe this goal can be achieved by building on existing health care coverage options without creating a new standalone public option.

In fact, the private sector is currently working in direct partnership with federal and state governments to provide health care coverage to millions of Americans through Medicaid Managed Care, Medicare Advantage (MA), and the Individual Marketplace Exchanges.

States that have considered a public option have all come to the same conclusion: partnering with private carriers to administer new coverage options is far more efficient and less costly than establishing a state-owned insurance plan, and also still allows for product and

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<sup>3</sup> <https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial>

payment reforms as well as reduced premiums. States understand that by utilizing existing private carrier infrastructure, focus on consumer benefits and cost can be prioritized and unnecessary administrative duplication is avoided.

However, to directly address your question of how the public option might interact with other public programs, particularly Medicaid, we urge policymakers to consider the current reach and infrastructure of the Medicaid program that is an essential facilitator to care for almost 75 million people. Notably, we believe a broader public option proposal is simply unnecessary as a pathway to expand access. We would instead encourage health care reform as a proven means of accomplishing this goal that builds on coverage options that millions of Americans now enjoy and point to the recent coverage expansions to expand access to the 29 million uninsured. Additionally, we wish to highlight the opportunity for policymakers to explore additional incentives and other policy changes or programmatic flexibilities that could encourage states that have not yet chosen to expand their programs to do so.

We have highlighted the following points for your consideration:

➤ **The Value of Medicaid Coverage Expansion.**

MHPA believes Medicaid is the best program for low-income and vulnerable populations; however, we also note that efforts to expand access to affordable, high-quality health insurance coverage, whether through Medicaid expansion or the Individual Exchanges, are important steps for enabling access to health care services for the people who might otherwise not have access to the health care services they need.

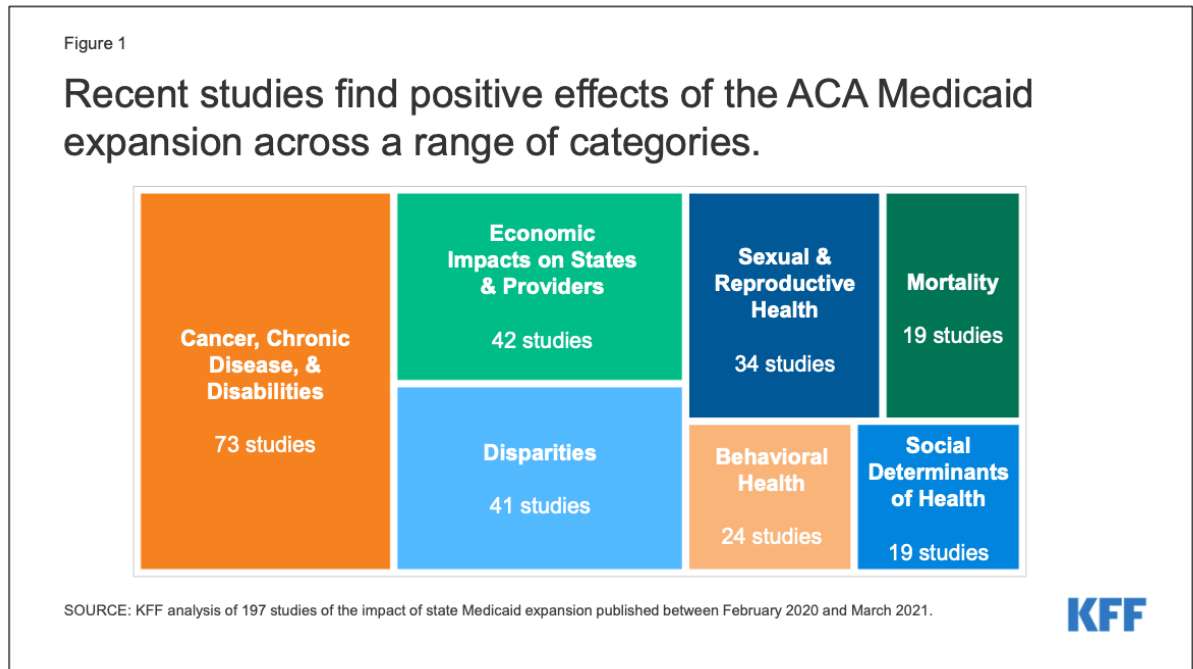
States that have expanded Medicaid for their eligible populations bring significant federal financial support to their state's Medicaid program through the 90/10 federal medical assistance percentage (FMAP). In addition to the increased FMAP for the expansion population, the American Rescue Plan, signed into law in March 2021, provided an additional financial incentive for new states expanding Medicaid to receive a 5-percentage point increase to the state's standard FMAP for two years. These new federal funds are more than two times larger than new state expansion costs.<sup>4</sup>

MHPA supports federal legislation to further incentivize Medicaid expansion, including the *States Achieve Medicaid Expansion (SAME) Act* (S.245) and the *Incentivizing Medicaid Expansion Act of 2021* (H.R.340) which would allow states that did not immediately expand Medicaid under the Affordable Care Act access to the same level of increased federal financial support offered to states that chose to expand immediately. Another possible alternative could be the provision of 100% FMAP for 10 years for non-expansion states that decide to expand by a certain date. Additionally, Members of Congress recently proposed further incentivizing expansion by raising and extending the 5-percentage point bump. We support these efforts to identify additional policies to drive states to expand their programs.

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<sup>4</sup> [New Incentive for States to Adopt the ACA Medicaid Expansion: Implications for State Spending | KFF](#)

An increasing body of literature supports the significant benefits of Medicaid expansion. A recent Kaiser Family Foundation review of almost 200 studies between February 2020 and March 2021 found positive effects of Medicaid expansion across a range of categories including mortality, behavioral health, and disparities, as depicted in the excerpted chart below.<sup>5</sup>



States that have expanded Medicaid have demonstrated the value of the expansion beyond the ability to capture federal funds including<sup>6</sup>:

- Decreased volume of uncompensated care;
- Strengthened the delivery system of providers, hospitals and clinics; and
- Improved health outcomes for populations served by Medicaid – including but not limited explicitly to the Expansion population.

While in the short-term, we support alternative options to close the Medicaid gap in states that have not yet expanded Medicaid coverage, such as implementing a federally-administered Medicaid program or fully funding coverage on the exchange, we recommend that any proposal consider including sufficient incentives for current expansion states. Such measures should ensure continued expansion coverage and prevent deferring to a new federal option.

<sup>5</sup> <https://files.kff.org/attachment/Report-Building-on-the-Evidence-Base-Studies-on-the-Effects-of-Medicaid-Expansion.pdf>

<sup>6</sup> For a comprehensive list of study citations on Medicaid expansion by category of findings and geographic scope from January 2014 through March 2021, we refer you to Appendix B of the same Kaiser Family Foundation report,

[Building on the Evidence Base: Studies on the Effects of Medicaid Expansion, February 2020 to March 2021 – Report – 9709 | KFF](#)

➤ **Importance of Strengthening Medicaid Coverage to Facilitate Access to Care.**

• ***Medicaid Managed Care is Important to Today's Medicaid Program***

Today, Medicaid managed care plans serve close to 70% of Medicaid beneficiaries. MCOs have strong relationships with their State partners. States find tremendous value in collaborating with MCOs and have increasingly chosen managed care as their preferred Medicaid delivery system. Medicaid managed care enables states to deliver higher quality care, improve health outcomes of Medicaid recipients, and manage healthcare costs while having the flexibility to meet unprecedented challenges, such as the COVID-19 pandemic.

○ ***Delivering Services & Supports throughout the COVID-19 Pandemic***

The COVID-19 pandemic has required fast and decisive action along with considerable flexibility from stakeholders across the Medicaid health care delivery eco-system to ensure that the health care needs of Medicaid beneficiaries continue to be met in an appropriate and timely manner. As the COVID-19 pandemic continues to impact our nation, Medicaid MCOs have worked and are continuing to work with our state partners to support the health and well-being of millions of Americans. While states across the country have expanded Medicaid benefits to increase access to critical COVID-19 testing and treatments, Medicaid MCOs have helped and are continuing to help states manage and respond to COVID-19 by, among other actions:

- Expanding telehealth offerings;
- Conducting proactive outreach and providing information to those most at-risk for the virus;
- Ensuring individuals have the medications they need; and
- Facilitating access to COVID-19 diagnostic testing and vaccines.

The COVID-19 pandemic has also underscored the importance of meeting “whole person” needs including access to shelter, food, and mental health services. Medicaid MCOs support the “whole person” approach through a unified health strategy that integrates physical and mental health services and addresses social determinants of health. Coordinating and distributing food, providing housing support, and making referrals to social services and other government programs can have meaningful impacts on health outcomes and beneficiary quality of life. In 2018, 78% of all Medicaid MCOs offered programs targeting social determinants, including 100% of large health plans.<sup>7</sup> Throughout the COVID-19 pandemic, Medicaid MCOs are continuing to closely partner with and support local community groups that address social determinants of health with supports that include:

- Coordination and distribution of food (outside of standard meal programs);

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<sup>7</sup> MHPA, Medicaid and COVID-19, A Look at the Numbers, <https://www.alookatthenumbers.com/covid19/>

- Housing support;
- Transportation;
- Referrals to social services and other government programs such as SNAP and WIC; and
- Expanding access to technology (e.g., Federal Lifeline program).

Medicaid MCOs also recognize the importance of supporting the health care provider community that faced – and is still facing -- considerable challenges since the early days of the pandemic. In support of the provider network, Medicaid MCOs have helped with securing personal protective equipment, provided advanced payments and education resources, and advocated for federal action, such as the responsible distribution of relief funds to providers who are most in need.

And, notably, with states facing continued uncertainty given the increasing prevalence of the Delta variant, the managed care model delivers critically needed stability to millions and strengthens our country's Medicaid health safety net.

We believe our member plans are well-positioned for the duration of the pandemic, and beyond, to continue to help states with innovative solutions that meet beneficiary needs, provide budget predictability, and manage health care costs and risk.

As you consider whether a public option is a viable option for coverage expansion, we wish to underscore that Medicaid health plans are health care delivery partners that provide value above and beyond the fee-for-service system including, but not limited to, care coordination, coordinating access to social services, value-add benefits, and budget predictability. Any new pathways to coverage established at the federal level for the Medicaid expansion population in non-expansion states should include opportunities for health plan engagement and participation, regardless of approach.

- ***Medicaid is a State & Federal Partnership***

Today, the Medicaid program is a partnership between states and the federal government that ensures minimum health care coverage and access requirements at the federal level are met, while allowing states the flexibility to design programs that work for their unique populations, provider community, and program priorities. Because of these local models, Medicaid also serves as an incubator for health care innovation allowing states to work with health plans to implement creative solutions to improve the health and well-being of the residents of each state.

In addition to the flexibilities of Medicaid to create programs that are more customized to local needs, Medicaid is adept at addressing unique health care utilization characteristics and needs such as for certain safety net services,

healthcare-related social supports, and/or a particular engagement strategy that may be distinct to a particular geographic area. State Medicaid programs have also been able to design programs in partnership with health plans that address the social determinants of health, including housing, nutrition, and transportation needs.

Given the growing success of the state-MCO partnerships, we have concerns that the implementation of a federalized option could introduce administrative layers and uncertainties for health plans and state partners.

- ***States have already moved to implement Medicaid Expansion***

Nearly 15.3 million individuals (FY19) are covered by Medicaid Expansion today in the 39 states that have decided to move to Medicaid Expansion.<sup>8</sup> (Within the expansion group, most (81%, 12.5 million) were newly eligible enrollees covered through Medicaid expansion, while a smaller share (19%, 2.9 million) were not newly eligible enrollees (childless adults who were enrolled through state waivers prior to passage of the ACA). Medicaid is the most affordable option for people with low-incomes and results in reduced uncompensated care which creates both a strong case to approve expansion in the 12 remaining states and support passive enrollment for individuals believed to be eligible.

*It is critically important that any policy solution directed at those states that have not expanded Medicaid does not result in unintended consequences.* Specifically, states that have already expanded Medicaid should not have any incentive to move away from Medicaid expansion. This would significantly disrupt continuity of care for these individuals and work against the primary policy objective of Medicaid expansion under the Affordable Care Act.

- **Opportunity to Target Medicaid Coverage Expansion**

Providing states with narrower optional population coverage options may represent a more politically viable opportunity for states to opt to expand Medicaid services. Congress could seek to make such sub-populations, people who have the most critical unmet needs, as mandatory populations for Medicaid. Potential target populations to explore for coverage expansion:

- **Homeless** – Leverage existing HUD homelessness definitions combined with asset and income limits of Medicaid to target and expand coverage to individuals not otherwise eligible for Medicaid.
- **Justice Involved** – Leverage state and federal incarceration records to provide targeted coverage of Medicaid for 12 months following release for individuals who meet the asset and income limits for Medicaid, but do not otherwise qualify.

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<sup>8</sup> [Medicaid Expansion Enrollment and Spending Leading up to the COVID-19 Pandemic | KFF](#)



Thank you for your consideration of our comments in response to this RFI. We recognize the importance of working collaboratively to address issues of access and affordability of health care and appreciate your outreach to stakeholders. We firmly believe that Medicaid is a critical lifeline for America's most vulnerable populations and presents a tremendous opportunity as you consider pathways for facilitating access to care for Americans in need.

Please feel free to reach out to me directly at [ckennedy@mhcpa.org](mailto:ckennedy@mhcpa.org) or you may contact Shannon Attanasio, Vice President of Government Relations and Advocacy, at [sattanasio@mhcpa.org](mailto:sattanasio@mhcpa.org) with any questions or should you need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "C A Kennedy", is positioned above the typed name.

Craig A. Kennedy, MPH  
President and CEO