MEDICAID Improvement and State Empowerment Act

SECTION-BY-SECTION SUMMARY

Section 1: Title and Table of Contents.

- The Medicaid Improvement and State Empowerment Act

Section 2: Sustainable Medicaid and CHIP Programs That Meet the Needs of Each State.

- Capped allotment for specific populations. This section amends current law to establish taxpayer provided pass-through funding of health care grants (health grants) to States for pregnant women, low-income children, and low-income families and for long-term care services and supports for low-income elderly or disabled individuals. The purpose of the Health Grants is to empower States with programmatic flexibility and financial predictability in designing and operating States programs to provide medical assistance for pregnant women, low-income children, and low-income families with children whose income and resources are insufficient to meet the costs of necessary medical care and other services to help such women, children, and families attain or retain the capability for independence or self-care.

- Hold harmless provision. This section does not make any changes to the funding for the acute care of low-income elderly and disabled individuals. However, States are given the explicit flexibility to enroll dual eligible and disabled individuals into a managed care entity.

- Requirements. In order to receive a Health Grant, a state must submit a plan to the Secretary of Health and Human Services which outlines how the State intends to conduct its Medicaid program with respect to pregnant women, low-income children, low-income families, and long-term care services and supports for low-income elderly and disabled individuals. Such plan shall set forth criteria regarding eligibility determination and include a description of the benefits to be provided, in the case of medical assistance, and of how medical assistance and long-term care services and supports will be provided under the State plan. The Secretary does not have any authority to approve or deny a State plan or otherwise inhibit or control the expenditure of the grants paid to a State.

- Funding design. Funding for Health Grants are allocated based on the total federal program costs for the affected populations in 2010. Federal Matching Assistance Percentage (FMAP) allotments, Children's Health Insurance Program (CHIP) allotments, administrative costs, long-term care costs, and Disproportionate Share Hospital (DSH) allotments were included in the calculation, but these health grants do not reflect the temporary enhanced FMAP or DSH payments provided under the American Recovery and Reinvestment Act of 2009 (the "Stimulus" bill) or subsequent extensions of the enhanced FMAP. Funds will be allocated to states based on the number of low-income individuals at or below 100% FPL. Future year grants to States will increase with costs and population increases. Following the initial allotments in 2013, grants to States will grow by the Consumer Price Index adjusted for all urban consumers (CPI-U), and general population growth, as determined by federal government data.

- Program integrity. Penalties are set for the use of grants in violation of this Act. These penalties reflect similar punitive actions in current law under the Temporary Assistance for Needy Families (welfare) program.

- State Accountability. Each State is required to submit an annual report detailing the State's expenditures of the amount paid to the State, and include the number of individuals provided medical assistance and the number individuals provided long-term care services and supports.

Section 3: Medical Malpractice Reform State Incentive Fund.

- Incentivizing State Malpractice Reforms. This section incentivizes States to advance medical malpractice reform by establishing a Medical Malpractice Reform State Incentive Fund for the purpose of awarding grants to States. To receive grants, States must certify that they have carried out activities that have been demonstrated to lower medical malpractice claim or premium costs for physicians or to lower health care costs for patients. Such activities include enacting State laws, which may include reforms like caps on non-economic damages or the establishment of health courts. There is authorized $1 billion for these grants through 2021.

Section 4: Repeals.

- Repeals the Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152), while maintaining program integrity provisions under these laws.

- Repeals the Medicaid "maintenance of effort" requirement under the American Recovery and Reinvestment Act (P.L. 111-5).

Section 5: New Formula to Replace FMAP For Federal Financial Contributions to State Child Support And Welfare Programs.

- Not later than January 1, 2012, the Secretary, in consultation with States, is required to establish a new formula for payments for State Child Support and Welfare Programs, since the FMAP under current law is phased out for most populations.