January 27, 2017

SENT VIA ELECTRONIC TRANSMISSION

The Honorable Amy Klobuchar
Senator
United States Senate
302 Hart Senate Office Building
Washington, DC 20510

The Honorable Al Franken
Senator
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Tim Walz
Congressman
United States House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

The Honorable Jason Lewis
Congressman
United States House of Representatives
418 Cannon House Office Building
Washington, DC 20515

The Honorable Erik Paulsen
Congressman
United States House of Representatives
127 Cannon House Office Building
Washington, DC 20515

The Honorable Betty McCollum
Congresswoman
United States House of Representatives
2256 Rayburn House Office Building
Washington, DC 20515

The Honorable Keith Ellison
Congressman
United States House of Representatives
2263 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Emmer
Congressman
United States House of Representatives
315 Cannon House Office Building
Washington, DC 20003

The Honorable Collin Peterson
Congressman
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

The Honorable Rick Nolan
Congressman
United States House of Representatives
2366 Rayburn House Office Building
Washington, DC 20515

RE: Medicaid Block Grants or Per Capita Caps

Dear Honorable Members of the Minnesota Congressional Delegation:

As the new Congress convenes, many predict large-scale changes to the American health care system, including possible Medicaid financing reform, which may include a shift to a block grant or per capita caps. As a group of providers, health plans, advocacy organizations, and consumer and worker representatives, we encourage you to consider some important factors before you commit to a position on block grants or per capita caps. While we as organizations differ on specific aspects of the Medicaid program, we all agree that it is too critical a program, for too many Minnesotans, for Congress to fundamentally change how it is funded without taking into account some key principles and Minnesota's unique health care landscape. We hope the

information and considerations provided here are helpful to you in your deliberations as Medicaid block grants or per capita caps are considered in Congress.

Federal Medicaid funding provided to Minnesota for our Medical Assistance program plays an important role in ensuring that we can continue to lead the nation in providing higher quality and lower cost health care.

According to the Centers for Medicare and Medicaid Services, on average, Minnesota health care spending is 9.2 percent less costly per beneficiary than the national average. Similarly, Minnesota is ranked first in the nation for health care access, quality and outcomes by the Commonwealth Fund, a private foundation. The federal Agency for Healthcare Quality and Research (AHRQ), which sets the gold standard for measuring quality, has ranked Minnesota among the best states overall in the nation for health care quality.

Minnesota has a long tradition of bipartisan support for health care reform. As a state we embrace innovation and flexibility and we have helped to lead the way in delivery system reform. Minnesota's Medicaid Accountable Care Organization (ACO) model, Integrated Health Partnerships (IHP)s, is just one example of our efforts to deliver higher quality and lower cost health care through innovative approaches to care and payment. The program is currently serving over 342,000 Minnesotans enrolled in Medical Assistance.

We believe that innovation can occur in Minnesota within the current financing and waiver structure. By requiring a move to even greater efficiency we are concerned that Medicaid financing reform could unfairly penalize Minnesota for our past success rather than invest in what is working.

Please keep in mind that Medicaid is an important source of health care for children, the elderly, and people who have a disability:

- **Medicaid is the single largest health care program for children in the nation.** Over 600,000 Minnesota children under age 21 were enrolled in Minnesota Medical Assistance in 2016. We need to ensure that Minnesota children will always have access to needed health care services. This is an important investment in our future that we can't afford to get wrong.

- **Medicaid is a critical source of health insurance coverage and community supports for people with disabilities.** Minnesota's Medicaid program enrolls more than 140,000 non-elderly adults and children with disabilities. And, more than 18,900 Minnesotans with intellectual and developmental disabilities receive Medicaid services that help them live independently in the community.

- **Minnesota's increasingly aging population also depends on Medicaid.** For senior citizens with limited financial resources, Medicaid pays for nursing home care. For those who wish to live at home, or in assisted living, Medicaid coverage for care in those locations may be available through a state-specific Medicaid waiver if the care can be obtained at a lower cost than in a nursing home. The Elderly Waiver and Nursing Facility programs supported nearly 38,000 Minnesotans during a typical month in FY2016.

With the significantly lower funding levels over the long term projected by recent block grant or per capita cap proposals, we ask you to consider how the state could continue to provide essential services to these Minnesota residents. Long-term Medicaid financing reforms should take into account the different categories of enrollees and adequately account for the changing health care needs of populations served to ensure funding is sufficient.

We also know that cuts made in one area may often result in increased spending in other areas. This is especially true in health care where a lack of appropriate care at the right time may result in more costly care in the long term.

Medicaid provides critically important services to Minnesota's children, elderly, and individuals of all ages with a disability. To implement effectively, with the least possible disruption to these vulnerable beneficiaries, a new financing system needs to be developed far enough in advance to allow states to analyze and budget for reforms, pass conforming legislation, and make a variety of administrative changes. As well, it should ensure states have countercyclical protection during economic downturns as Medicaid enrollment increases and should ensure that funding is sufficient for different categories of enrollees and accounts for the changing health of populations over time.

As discussions continue around block grants, per capita caps, or other Medicaid financing reforms, please keep front and center the unique health care landscape in Minnesota and the needs of your constituents, as well as the necessity for a generous transition period if any changes do occur. All of the undersigned organizations are grateful for your hard work to improve the lives and health of all Minnesotans and are happy to act as a resource as you contemplate possible Medicaid financing reforms or other health care changes moving forward.

Respectfully,

Accessible Space, Inc.
AFSCME Council 5
Allina Health
Amherst H. Wilder Foundation
Blue Cross and Blue Shield of Minnesota

Care Providers of Minnesota
Catholic Health Association of Minnesota
Children’s Minnesota
Community Involvement Programs
Fraser
Gillette Children's Specialty Healthcare
Hammer Residences
Hearth Connection
Hennepin County
Lutheran Social Service of Minnesota
National Multiple Sclerosis Society
Minnesota Association of Centers for Independent Living
Minnesota Brain Injury Alliance
Minnesota Coalition for the Homeless
Minnesota Consortium for Citizens with Disabilities
Minnesota Hospital Association
Minnesota Organization on Fetal Alcohol Syndrome
Portico Healthnet
The Arc Greater Twin Cities
The Arc Minnesota
SEIU Healthcare Minnesota
St. David’s Center