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MACPAC April 2024 Public Meeting Session:
Summary of Session on Improving the Transparency of Medicaid and CHIP Financing
Presentation Slide Deck: Improving the Transparency of Medicaid and CHIP Financing

Background
Over the last several months, MACPAC has explored the need for better transparency and availability of data to understand how hospital and nursing facility supplemental payments are distributed, monitored, interact with other funding mechanisms, and support broader access and quality goals. This session reinforces research and policy options presented in the December 2023, the January 2024, and the March 2024 public MACPAC meetings and reflects continued movement at the federal level toward increased transparency and defining regulatory authorities. As of now, there are no federal requirements for states to share data on provider-level distributions of state-directed payments, but CMS does have existing authority to request additional data from states.

Policy Recommendations and Rationale Raised during the April 2024 Meeting
Like in the March 2024 meeting, MACPAC reiterated their specific statutory recommendation for Congress for Medicaid:

- Require states to submit an annual, comprehensive report on their Medicaid financing methods and the amounts of the non-federal share of Medicaid spending derived from specific providers.
- The report should include the following in aggregate across all hospital and nursing facility supplemental payment programs:
    - a description of the methods used to finance the non-federal share of Medicaid payments, including the parameters of any health care-related taxes;
    - a state-level summary of the amounts of Medicaid spending derived from each source of non-federal share, including state general funds, health care-related taxes, intergovernmental transfers, and certified public expenditures; and,
    - a provider-level database of the costs of financing the non-federal share of Medicaid spending, including administrative fees and other costs that are not used to finance payments to the provider contributing the non-federal share.
- MACPAC presented a second recommendation for CHIP and child Medicaid program reporting requirements that mirrors the Medicaid policy recommendation listed above
- MACPAC recommended that the new report (once the elements are defined and shared with states) should be made publicly available in a format that enables analysis
- MACPAC acknowledged that this – and potentially other – reporting requirements may create new administrative burdens for some states, Medicaid managed plans, and providers, but did not include language for financial supports within the policy recommendation
- MACPAC staff and Commissioners acknowledged that the regulatory recommendation (if accepted and enacted by Congress) is an important first step, but additional guidance and implementation documents would be needed by CMS to activate the proposed language
- MACPAC did not specify a timeline for implementing the new report during the April 2024 meeting, but may define a timeline during future public meetings

Comments from Commissioners

- Generally, Commissioners agreed with the proposed regulatory language and reinforced the need for a regulatory recommendation (all 16 present MACPAC Commissioners voted in favor of the recommended language). However, Commissioners also noted that the policy rationale and recommendation design sections of the draft chapter should be clarified to detail important nuances within and between adult Medicaid and CHIP/child Medicaid programs (e.g., details in the CMS-64 required reporting)
- Commissioners raised questions and comments during the April 2024 meeting, including:
    - **In addition to administrative burden for states and providers, Commissioners also flagged anticipated administrative burden this report will have on managed care plans that will need to support additional data collection and monitoring activities**
    - **Some had concerns about the creation of another disparate report and suggested there be direct link between this new report and existing reporting (i.e. CMS-64, T-MSIS)**
    - **Select commissioners requested clarification of language used in recommendation, specifically that:**
        - **Report reflects actuals**
        - **That report is auditable**
        - **Transparency around net payments will help to understand impact of taxes on providers (but that this impact may vary/is nuanced by provider)**
    - New reporting requirements will take additional collaboration with CMS and states to enact in the coming months
    - New reporting requirements may create an opportunity to claim additional enhanced FMAP dollars, as Texas has done to support the build out of new data systems required to gather and clean this data, but additional state investments may be required in order to capitalize on the federal funding opportunity

Next steps

- Staff will monitor progress on and CMS correspondence around the final Managed Care rule to determine what recommendation language is incorporated.
- Once released, staff will review the forthcoming chapter on Medicaid financing transparency, set to be released in June 2024