

SENATE JOINT RESOLUTION 44

By Green

A RESOLUTION relative to Medicaid.

WHEREAS, total Medicaid spending in the United States in 2006 exceeded \$303 billion;
and

WHEREAS, the Medicaid program in this State is administered as the TennCare
program pursuant to a federal waiver under Section 1115 of the federal Social Security Act; and

WHEREAS, the TennCare program has operated under that federal waiver and under
Tennessee Code Annotated, Title 71, Chapter 5, as authorized by 1993 Public Chapter 358;
and

WHEREAS, the share of federal Medicaid funding provided to the states is determined
by a state-by-state matching percentage, and the actual amount of federal funding sent to the
states is determined by how much the states spend in order to get those matching dollars; and

WHEREAS, Medicaid policy is also heavily controlled by the federal government,
requiring states to apply for waivers if they want the flexibility to reform their Medicaid programs
to better meet state needs; and

WHEREAS, states are encouraged to expand Medicaid programs and spend more to
get additional funding. The U.S. Government Accountability Office projects that Medicaid
spending will grow by 224 percent between 2007 and 2032, and at the same time Medicare and
Social Security will put significant pressure on the federal budget; and

WHEREAS, these cost trends and projections for Medicaid, Medicare, and Social
Security are unsustainable and will likely lead to difficult cost shifting from the federal
government to the states in the Medicaid program, with the result that states will struggle to
support their individual Medicaid programs without meaningful control over the policy; and

WHEREAS, current Medicaid funding arrangements fail to reward states based on performance, but give states additional funding based on outright government appropriations; and

WHEREAS, Medicaid growth is fueled by an interest in gaining additional federal funding, which also makes reductions in state Medicaid spending more difficult due to the additional loss of federal funding; and

WHEREAS, welfare reform changed the way states managed welfare programs by giving states more policy control and performance expectations, with a fixed amount of money each year; and

WHEREAS, because welfare reform has proven to be a success since its passage more than ten years ago, states should ask for a similar arrangement with Medicaid that would give states more policy flexibility, fixed state funding, and broad performance goals; and

WHEREAS, federal funding for the State Children's Health Insurance Program (SCHIP) is allocated to states based on a matching rate up to a total fixed amount of federal funding determined by state need, so there is clear precedent for giving states greater latitude in setting eligibility standards and a fixed amount of funding for similar programs; and

WHEREAS, only thirty-one states have governors and legislatures in agreement to optionally expand Medicaid eligibility to all persons earning up to 138 percent of the federal poverty level, as outlined in the Patient Protection and Affordable Care Act (PPACA), Pub. L. No. 111-148; and

WHEREAS, Tennessee Code Annotated, Section 71-5-126, prohibits the Governor from expanding Medicaid pursuant to the PPACA in this State without obtaining authorization by joint resolution of the General Assembly; and

WHEREAS, the PPACA Medicaid expansion is largely funded with federal tax dollars, currently estimated by the Kaiser Commission on Medicaid and the Uninsured to total \$654 billion over the next ten years; and

WHEREAS, the Congressional Budget Office estimates that federal funding for Medicaid represents one-fourth of the federal budget deficit and is a growing portion of the federal budget deficit; and

WHEREAS, the federal debt currently totals \$16 trillion and is rising by more than \$1 trillion per year; and

WHEREAS, the PPACA Medicaid expansion could place enormous pressure on state budgets, and according to the National Association of State Budget Officers, Medicaid has eclipsed K-12 education as the largest single share of state spending; and

WHEREAS, adding new enrollees to the Medicaid program without greater state flexibility may crowd out other state funding priorities like building schools, hiring teachers, fixing roads, supporting law enforcement, and relieving struggling businesses and families of high tax burdens; and

WHEREAS, experiences from states that have already expanded Medicaid, such as Maine and Arizona, demonstrate that projected per-person costs and participation rates for the Medicaid expansion population are often dramatically underestimated; and

WHEREAS, the PPACA Medicaid expansion is defined as any state measure that would expand eligibility pursuant to Section 2001 of the PPACA; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED TENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that this body believes that Tennessee is best suited to make decisions on Medicaid policy for the residents of this State, including prioritizing state Medicaid spending to reflect the unique needs of Tennessee and setting eligibility standards that reflect state priorities.

BE IT FURTHER RESOLVED, that this body believes that a federal block grant or per capita allotment for Medicaid funding could give states greater flexibility to manage the state Medicaid budget and tailor the program to meet state objectives.

BE IT FURTHER RESOLVED, that this body believes that with the flexibility of a federal block grant for Medicaid, the state may find value in pursuing the following reforms: mandatory premiums for Medicaid enrollees, mandated work requirements, a redefinition of income to

incorporate other forms of government welfare assistance, health savings accounts and direct primary care as optional benefits, and the imposition of lock-out periods for failure to meet these criteria.

BE IT FURTHER RESOLVED, that this body rejects the PPACA Medicaid expansion in order to protect patients and taxpayers, and instead supports patient-centered reforms to the existing Medicaid safety net to increase access to affordable, high-quality private health insurance.

BE IT FURTHER RESOLVED, that copies of this resolution be sent to the President of the United States, the United States Congress, and the appropriate leadership of the United States Department of Health and Human Services.