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**SENATE BILL NO. 1201**

Offered January 12, 2011

Prefiled January 12, 2011

*Directing the Joint Legislative Audit and Review Commission to study the feasibility and cost-effectiveness of withdrawing from Medicaid in favor of a state-run program. Report.*

Patron—Obenshain

Referred to Committee on Rules

WHEREAS, Medicaid, a jointly funded federal and state health insurance program, was enacted by Congress in 1965 to provide a health insurance program for low-income and needy individuals, including children, the elderly, blind and disabled, and other persons eligible to receive federally assisted income maintenance payments; and

WHEREAS, the Medicaid law established mandatory services for financially and categorically eligible populations that states must cover and other populations that states may choose to cover; each state administers its own Medicaid program and establishes its unique guidelines for covered benefits and services; and

WHEREAS, payment for medical services received by eligible persons is paid directly to participating health care providers, and in some states persons in recognized eligibility groups may be required to pay a co-payment for some medical services; and

WHEREAS, in addition to meeting income eligibility guidelines, persons must also meet certain requirements for their eligibility group, and personal assets and resources are tested against established thresholds; and

WHEREAS, the Patient Protection and Affordable Care Act enacted by Congress in March 2010 builds upon existing programs and includes many changes and new provisions, one of which is the dramatic expansion of Medicaid in 2014; and

WHEREAS, according to the Office of the Actuary, Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services, "provisions in support of expanding health insurance coverage (including the Medicaid eligibility changes and additional CHIP funding) are estimated to cost \$828 billion through fiscal year 2019"; and

WHEREAS, given the substantial cost to expand Medicaid and no authority to reduce benefits or change eligibility requirements, a number of states are questioning the continued feasibility of participating in the Medicaid program, and whether to withdraw from the Medicaid program and establish an independent state-run program; and

WHEREAS, health expenditures are already approaching one-quarter of Virginia's total budget, and withdrawal from Medicaid, an optional program in which states may participate, would entail the creation of an alternative program; and

WHEREAS, economic challenges require Virginia to determine whether Medicaid health care services can be provided more cost-effectively through other means; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the feasibility and cost-effectiveness of withdrawing from Medicaid in favor of a state-run program.

In conducting its study, the Joint Legislative Audit and Review Commission shall (i) review the provisions of the Patient Protection and Affordable Care Act pertaining to the expansion of the Medicaid program and assess the potential impact of expanding the program in Virginia; (ii) evaluate the options of withdrawal from Medicaid and the establishment of a state-run program relative to the fiscal, social, and health impact of each option; (iii) propose the framework and estimate the cost of establishing a state-run program, including, but not limited to, eligibility criteria, covered benefits and services, qualifications of and payment levels for participating health care providers, and potential revenues and funding stream; (iv) consider such related matters as the Commission may deem appropriate; and (v) propose feasible and appropriate options.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Medical Assistance Services and the staff of the Senate Committee on Finance and the House Committee on Appropriations. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings by November 30, 2011, and the Chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2012 Regular Session of

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59 the General Assembly. The executive summary shall state whether the Joint Legislative Audit and  
60 Review Commission intends to submit to the General Assembly and the Governor a report of its  
61 findings and recommendations for publication as a House or Senate document. The executive summary  
62 and report shall be submitted as provided in the procedures of the Division of Legislative Automated  
63 Systems for the processing of legislative documents and reports and shall be posted on the General  
64 Assembly's website.