Opening Statement of the Honorable Rep. Joseph R. Pitts
Subcommittee on Health
Hearing on "The Need for Medicaid Reform: A State Perspective"
June 12, 2013

(As Prepared for Delivery)

Medicaid was designed as a safety net for the most vulnerable Americans, including pregnant women, dependent children, the blind, and the disabled.

With more than 72 million Americans – or nearly one in four – enrolled in Medicaid at some point in fiscal year 2012, we need to closely examine the quality of care the program provides; reduce the cost of the program to both the federal government and the states; and encourage bold, new state innovations to better serve this population.

Those enrolled in Medicaid today face significant difficulties in accessing care. According to a recent analysis, while 83 percent of physicians are accepting Medicare patients, only 70 percent of physicians are accepting those in the Medicaid program.

Other studies have shown that compared to those with private insurance, Medicaid beneficiaries find it more difficult to schedule follow-up visits after initially seeing a doctor; are twice as likely to report difficulty in accessing primary care services - including prevention services; and are twice as likely to visit the emergency room.

Clearly, we are failing those most in need of our help. And we are spending enormous amounts of money for substandard care and in some cases, worse outcomes than those with no insurance at all.

On average, states are spending approximately 25 percent of their budgets on Medicaid and this percentage will only grow as the Affordable Care Act's Medicaid expansion goes into effect in many states in 2014.

In my home state of Pennsylvania, we are already spending nearly one-third of the entire state budget on Medicaid alone. This crowds out investments in transportation, education, public safety, and other vital areas.

Over the next 10 years, the federal share of Medicaid expenditures is estimated at $5 trillion, with states spending nearly another $2.5 trillion over that same time period.

Medicaid is in trouble.

It has been on the Government Accountability Office's high-risk list for nearly two decades, and the Office of Management and Budget reported nearly $22 billion in improper Medicaid payments in 2011.

But we don't have to settle for sub-par care, limited access, and exploding costs.

Many states have embarked on innovative Medicaid reforms to improve the quality of care and modernize their programs, ranging from payment incentives, to coordinated care, to consumer-driven options, to added services for their beneficiaries and more.

This has been possible, in part, through the use of state demonstration waivers, but it can take years for the Centers for Medicare and Medicaid Services to approve these waivers
We need to provide states with the flexibility to pursue these options, not lock them in a one-size-fits-all model dictated by Washington.

Several reforms have been outlined by this committee in a recent policy paper issued by Chairman Upton and Senator Hatch. The *Making Medicaid Work* blueprint is a product of significant input from the states that merits bipartisan consideration and legislative action.
I look forward to hearing from our witnesses today.

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