



March 28, 2016

Mr. Shaun Donovan, Director
The Office of Management and Budget (OMB)
725 17th Street, NW
Washington, DC 20503

CC: Mr. Jerry Abramson, Director of Intergovernmental Affairs, The White House
Mr. Denis McDonough, Chief of Staff, The White House
Ms. Cecilia Munoz, Director, The Domestic Policy Council

Subject: CMS Proposal on Medicaid and CHIP Managed Care

Dear Director Donovan,

On behalf of the National Association of Counties (NACo), the only national organization that represents America's 3,069 county governments, we write to express our concern with the "Proposed Rule for Medicaid and Children's Health Insurance Program (CHIP) Programs: Medicaid Managed Care, CHIP Delivered in Managed Care, Medicaid and CHIP Comprehensive Quality Strategies, and Revisions Related to Third Party Liability" (hereafter to be referred to as the Proposed Medicaid CHIP Regulation).

Nationally, counties invest \$83 billion annually in community health systems and support 976 hospitals, 714 nursing homes, 750 behavioral health authorities and 1,592 public health departments—all of which deliver health services to Medicaid beneficiaries. While NACo understands and appreciates the need to further improve the Medicaid program to better align quality and access for patients, the Proposed Medicaid CHIP Regulation, as currently written, would jeopardize counties' ability to support the health and well-being of our 305 million residents.

The following provisions in the proposed rule would undermine counties' efforts to deliver high quality accessible health care services to Medicaid beneficiaries:

1. The prohibition on directing managed care plan expenditures (§438.6(c)).

County health systems rely heavily upon the flexibility that their states have been granted to utilize targeted payment strategies to support those providers that serve a disproportionate number of Medicaid and vulnerable populations. We are concerned that this regulation, as drafted, would narrow or even preclude current CMS-approved practices which extend critical reimbursement to safety net providers in the Medicaid managed care setting. We urge CMS to remove this language from the final rule, and preserve the same flexibility in financing that is permitted in the fee-for-service environment, so that each state can better support its safety net providers and the patients who rely on them.

2. The proposed restriction on the use of rate ranges and certification of each individual rate (§438.3(b) and (c), §438.4(b), and §438.7(c))

Currently, states can have actuaries certify a range of acceptable Medicaid rates, which are approved by CMS, and states can pick any point within the range, based on state policy decisions and negotiations with health plans. The proposed change would not only restrict this process and remove this flexibility, but it would also result in duplicative rate reviews and could create long delays in the rate approval process, creating even more uncertainty for plans and providers.

By restricting the states' flexibility through these provisions in the proposed rule, county health systems could lose a substantial share of the funding needed to provide critical health services. Given the disproportionate number of Medicaid and uninsured populations we serve, these local systems would not be able to adequately replace supplemental payments through other financial arrangements or commercial contracts.

Counties are committed to strengthening the quality of care for Medicaid beneficiaries and improving health outcomes in partnership with our state and federal partners. We encourage OMB to consider how provisions in the Proposed Medicaid CHIP Regulation could impact our communities' health care safety nets and the people who rely on them. If you have any questions, please feel free to contact Brian Bowden, NACo Associate Legislative Director, at bbowden@naco.org or at 202.942.4275.

Sincerely,

Sallie Clark, Commissioner, El Paso County, Colorado
NACo President

Bryan Desloge, Commissioner, Leon County, Florida
NACo Vice President

Mary Ann Borgeson, Commissioner, Douglas County, Nebraska
NACo Health Steering Committee Chair

Toni Preckwinkle, President, Board of Commissioners, Cook County, Illinois
NACo Health Steering Committee Vice Chair

Liz Stefanics, Commissioner, Santa Fe County, New Mexico
NACo Health Steering Committee Vice Chair

Ron Manderscheid, Executive Director, National Association of County Behavioral Health and Developmental Disability Directors, Washington, DC

Kasey Summerville, Assessor, Clark County, Arkansas

Candace Andersen, Supervisor and Chair, Contra Costa County, California

Nathan Beason, Supervisor, Nevada County, California

John Benoit, Supervisor and Chair, Riverside County, California

Keith Carson, Supervisor, Alameda County, California

Matt Cate, Executive Director, California State Association of Counties

Cindy Chavez, Supervisor, Santa Clara County, California

Richard Forster, Supervisor, Amador County, California

Kevin Goss, Supervisor, Plumas County, California

Sachi Hamai, Chief Executive Officer, Los Angeles County, California

Karen Keeslar, Executive Director, California Association of Public Authorities for In-Home Supportive Services

Kathy Long, Supervisor, Ventura County, California

Nick Macchione, Health and Human Services Agency Director, San Diego County, California

Susan Mauriello, County Administrative Officer, Santa Cruz County, California

Giang Nguyen, Health Services Agency Director, Santa Cruz County, California

Elisa Orona, Executive Director at Health Improvement Project, Santa Cruz County, California

Jane Parker, Supervisor and Chair, Monterey County, California

Tim Patten, Chief Deputy Director, Health Care Agency, Ventura County, California

Alfredo Pedroza, Supervisor and Chair, Napa County, California

Dave Roberts, Supervisor, San Diego County, California

Warren Slocum, Supervisor and Board President, San Mateo County, California

John Tavaglione, Supervisor, Riverside County, California

Mike Wasserman, Supervisor, Santa Clara County, California

Ken Yeager, Supervisor, Santa Clara County, California

Moses Zapien, Supervisor and Chair, San Joaquin County, California

Sam Taylor, Councilmember, Broomfield County, Colorado

Sally Heyman, Commissioner, Miami-Dade County, Florida

William McClure, Commissioner, Saint John's County, Florida

Grover Robinson, Commissioner, Escambia County, Florida

Claudia Tuck, Director, Community Support Services, Alachua County, Florida

Joan Garner, Commissioner, Fulton County, Georgia

Valerie Poindexter, County Council Member, Hawaii County, Hawaii

Carol Moehrle, District Director for Public Health, Idaho North Central District (Nez Perce, Latah, Clearwater, Idaho and Lewis Counties)

Mike Fricilone, Commissioner, Will County, Illinois

Thomas O'Neill, Board Member, Peoria County, Illinois

Robert Steele, Commissioner, Cook County, Illinois

Denise Winfrey, Board Member, Will County, Illinois

Iris Kiesling, Commissioner, Monroe County, Indiana

Linda Langston, Supervisor, Linn County, Iowa

Grant Veeder, County Auditor, Black Hawk County, Iowa

Eddie Kraemer, Councilman, St. James Parish, Louisiana

Sharon Middleton, Council Member, Baltimore City, Maryland

Denise Baker, Medical Care Facility Administrator, Hillsdale County, Michigan

Netanis Baumann, Medical Care Facility Administrator, Isabella County, Michigan

Renee Beniak, Executive Director, Michigan County Medical Care Facilities Council

Joe Coleman, Medical Care Facility Administrator, Manistee County, Michigan

Kathleen Dube, Medical Care Facility Administrator, Benzie County, Michigan

Gary Easton, Medical Care Facility Administrator, Lapeer County, Michigan

Donald Haney, Medical Care Facility Administrator, Barry County, Michigan

Kory Hansen, Medical Care Facility CEO and Administrator, Grand Traverse County, Michigan

Jerome Hubbard, Medical Care Facility Administrator, Marquette County, Michigan

Tammi Lehto, Medical Care Facility Administrator, Houghton County, Michigan

Jon Look, Medical Care Facility Administrator, Iosco County, Michigan

Ruth MacAlpine, Nursing Home Administrator, Huron County, Michigan

Marna Robertson, Medical Care Facility Administrator, Antrim County, Michigan

Martha Richard, Medical Care Facility Administrator, Eaton County, Michigan

Ronald Oja, Health Services Administrator, Charlevoix County, Michigan

Chester Pintarelli, Health Care Administrator, Iron County, Michigan

Sandra Place, Medical Care Facility Administrator, Jackson County, Michigan

Margot Roedel, Nursing Home Administrator, Tuscola County, Michigan

Jayne Sabaitis, Medical Care Facility Administrator, Branch County, Michigan

Darlene Smith, Administrator of Pinecrest Medical Care Facility, Delta, Menominee and Dickinson Counties, Michigan

Judith Still, Medical Care Facility Administrator, Muskegon County, Michigan

Carolyn Timmer, Medical Care Facility Administrator, Charlevoix County, Michigan

Georgia Weber, Medical Care Facility Administrator, Gogebic County, Michigan

Gregory Wilson, Medical Care Facility Administrator, Oceana County, Michigan

Drew Campbell, Commissioner, Blue Earth County, Minnesota

Linda Higgins, Commissioner, Hennepin County, Minnesota

Peter McLaughlin, Commissioner, Hennepin County, Minnesota

Mark Piepho, Commissioner, Blue Earth County, Minnesota

Victoria Reinhardt, Commissioner and Chair, Ramsey County, Minnesota

Chris Bowen, Supervisor, Forrest County, Mississippi

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Janet McCartney, Commissioner and Chair, Cass County, Nebraska
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Bertadean Baker, Commissioner, Warren County, North Carolina
Viola Harris, Commissioner, Edgecombe County, North Carolina
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Paula Prentice, Councilwoman, Summit County, Ohio
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Stephen Potter, Treasurer, Duchesne County, Utah
Jeffrey Scott, Commissioner and Chair, Box Elder County, Utah
Gregory Todd, Commissioner, Duchesne County, Utah
Claire Collins, Supervisor, Bath County, Virginia
Derek Young, Councilmember, Pierce County, Washington
Jack Woodrum, Commission President, Summers County, West Virginia
Mary Kay Poehlman, Supervisor, Waupaca County, Wisconsin