

# GAO Highlights

Highlights of [GAO-15-677](#), a report to congressional addressees

## Why GAO Did This Study

The Medicaid program marks its 50th anniversary on July 30, 2015. The joint federal-state program has grown to be one of the largest sources of health care coverage and financing for a diverse low-income and medically needy population. Medicaid is undergoing transformative changes, in part due to PPACA, which expanded the program by allowing states to opt to cover low-income adults in addition to individuals in historic categories, such as children, pregnant women, older adults, and individuals with disabilities.

GAO has a large body of work on challenges facing Medicaid and gaps in federal oversight. This report describes (1) key issues that face the Medicaid program based on this work, and (2) program and other changes with implications for federal oversight. GAO reviewed its reports on Medicaid issued from January 2005 through July 2015; reviewed documentation from the Centers for Medicare & Medicaid Services (CMS), the HHS agency that oversees Medicaid; and interviewed CMS officials.

## What GAO Recommends

GAO has made over 80 recommendations regarding Medicaid, some of which HHS has implemented. GAO has highlighted 24 key recommendations that have not been implemented. HHS agreed with and is acting on some and did not agree with others. GAO continues to believe that all of its recommendations have merit and should be implemented. HHS provided technical comments on a draft of this report, which GAO incorporated as appropriate.

View [GAO-15-677](#). For more information, contact Katherine M. Iritani at (202) 512-7114 or [iritanik@gao.gov](mailto:iritanik@gao.gov) or Carolyn L. Yocom at (202) 512-7114 or [yocomc@gao.gov](mailto:yocomc@gao.gov).

July 2015

## MEDICAID

### Key Issues Facing the Program

## What GAO Found

GAO identified four key issues facing the Medicaid program, based on prior work.

- **Access to care:** Medicaid enrollees report access to care that is generally comparable to that of privately insured individuals and better than that of uninsured individuals, but may have greater health care needs and greater difficulty accessing specialty and dental care.
- **Transparency and oversight:** The lack of complete and reliable data on states' spending—including provider payments and state financing of the non-federal share of Medicaid—hinders federal oversight, and GAO has recommended steps to improve the data on and scrutiny of states' spending. Also, improvements in the Department of Health and Human Services' (HHS) criteria, policy, and process for approving states' spending on demonstrations—state projects that may test new ways to deliver or pay for care—are needed to potentially prevent billions of dollars in unnecessary federal spending, as GAO previously recommended.
- **Program integrity:** The program's size and diversity make it vulnerable to improper payments. Improper payments, such as payments for non-covered services, totaled an estimated \$17.5 billion in fiscal year 2014, according to HHS. An effective federal-state partnership is key to ensuring the most appropriate use of funds by, among other things, (1) setting appropriate payment rates for managed care organizations, and (2) ensuring only eligible individuals and providers participate in Medicaid.
- **Federal financing approach:** Automatic federal assistance during economic downturns and more equitable federal allocations of Medicaid funds to states (by better accounting for states' ability to fund Medicaid) could better align federal funding with states' needs, offering states greater fiscal stability. GAO has suggested that Congress could consider enacting a funding formula that provides automatic, timely, and temporary increased assistance in response to national economic downturns.



Source: GAO. | GAO-15-677

Medicaid's ongoing transformation—due to the Patient Protection and Affordable Care Act (PPACA), the aging of the U.S. population, and other changes to state programs—highlights the importance of federal oversight, given the implications for enrollees and program costs. Attention to Medicaid's transformation and the key issues facing the program will be important to ensuring that Medicaid is both effective for the enrollees who rely on it and accountable to the taxpayers. GAO has multiple ongoing studies in these areas and will continue to monitor the Medicaid program for the Congress.