

Position Statement

Medicaid and State Children's Health Insurance Program (SCHIP)

This Position Statement was developed as an educational tool based on the opinion of the authors. It is not a product of a systematic review. Readers are encouraged to consider the information presented and reach their own conclusions.

With the introduction of Medicare in 1965, the United States virtually eliminated the number of uninsured individuals over the age of 65. While the AAOS believes the Medicare program is in need of significant reform, it also recognizes that Medicare is likely to play a significant role in ensuring that the older and disabled population in the United States maintains health insurance. Further, with the 2015 Medicare Access and CHIP Reauthorization Act, State Children's Health Insurance Program (SCHIP) will continue to play an important role. With introduction of subsidized insurance plans and Medicaid expansion under the Accountable Care Act, the current estimate of the number of Americans without insurance is 25.5 million adults and 3.4 million children.¹ To the extent that these programs provide health care coverage for individuals in the United States, the AAOS believes that there are principles that should apply to these programs and that structural changes that outlined below must be made in order for patients to have access to high quality, safe, cost effective medical care in general and specifically to be able to obtain necessary musculoskeletal care.

Universal Coverage

The American Association of Orthopaedic Surgeons (AAOS) believes that in any consideration of changes to the health care financing and delivery system in the United States, the well-being of the patient singularly must be the highest priority.

The AAOS strongly supports providing individuals consistent access to patient centered, timely, unencumbered, affordable, and appropriate health care and universal coverage while maintaining that physicians are an integral component to providing the highest quality treatment.

The AAOS supports prioritizing the coverage of children under the SCHIP program.

Universal Access

The ability of eligible beneficiaries to access care via Medicaid and SCHIP programs is negatively impacted by the number of physicians that choose not to participate in those programs. Current Medicaid and SCHIP payment rates often fail to cover the cost of providing care, limiting the number of these patients who can be treated in a solvent practice. Regrettably, with these insurance programs, coverage does not always equate to access

The AAOS supports equity in Medicaid and SCHIP payments with Medicare payment rates; this should be structured as a payment floor under which states could not reimburse providers at levels lower than payment under Medicare. Medicare payment to physicians must be structured so that it remains economically viable for physicians to participate.²

This type of provision would assist in stopping the well-documented flight of physicians from the Medicaid program and help relieve the financial burden placed on the increasingly few providers (physicians and hospitals) that treat Medicaid and CHIP patients.

In addition, the AAOS believes that patients must be guaranteed their choice of physicians in Medicaid and SCHIP managed care plans.

Accountability

The American Association of Orthopaedic Surgeons believes that physicians, hospitals, patients, and the federal and state governments have a shared responsibility to ensure stability of Medicaid and CHIPS programs. By participating in these programs, physicians can help to secure access to needed health care services for the most vulnerable populations.

Benefit Package

The AAOS believes that rules governing Medicaid and SCHIP provide a “defined benefit” rather than a “defined contribution.”

Continuity of Care

The ability of orthopaedic surgeons to provide the care that Medicaid and SCHIP beneficiaries need is dependent on those individuals being covered by those programs for a reasonable and foreseeable period of time. The manner in which many Medicaid and CHIP programs are structured can leave patients falling in and out of eligibility several times throughout the course of a single year. This unpredictability can have a serious effect on patient health and the ability of orthopaedic surgeons to carry out a course of treatment.

The AAOS believes that all Medicaid and SCHIP programs should be required to provide “continuous coverage” defined as coverage for one year from the date of eligibility.

In addition, in several states there is a 3-month uninsured period in order to be eligible for SCHIP coverage. The AAOS is concerned that this could serve as a significant barrier to care.

The AAOS believes that uninsured waiting periods should be eliminated as an eligibility requirement from SCHIP programs.

Cost Containment

The Medicaid program is severely underfinanced. This must be addressed at both the federal and state level to ensure that beneficiaries are able to access care, and this can be partially accomplished by bringing a focus in the Medicaid program back to medical services.

The AAOS believes that the primary cost containment focus in the Medicaid program should focus on the increased spending associated with long-term care services and not on reducing coverage or eligibility associated with Medicaid acute care benefits.

In addition, the inequity between the state/federal matching rates for SCHIP and Medicaid programs should be addressed. When CHIP was first created in 1997 and states needed an incentive to dedicate the resources to the creation of the program, a higher matching rate was reasonable. However, CHIP programs currently exist in every state.

The AAOS believes that the rationale for a higher state/federal matching rate for CHIP no longer exists, and the inequity between Medicaid and CHIP matching rates should be eliminated.

External Reforms

The AAOS believes that SCHIP beneficiaries should be allowed to purchase private insurance with their SCHIP dollars if there are minimum benefit guarantees; and that there is a SCHIP option available for those that do not chose private programs.

Infrastructure and Administration

The AAOS supports Medicaid and CHIP provisions that make it clear that physician should not be required to act as immigration agents by restricting care only to citizens and that they should be appropriately reimbursed for all medically necessary care that they deliver to all individuals.

Quality of Care

The AAOS believes that educational standards are important and that patients are best served when their care is overseen by physicians. We support a requirement that Medicaid and CHIP programs and care be directed by physicians.

The AAOS supports the creation of Medicaid and SCHIP initiatives that:

- ***Establish state reporting requirements on access information indicators;***
- ***Create a national database that would collect utilization information;***
- ***Include access measures as an indicator of quality;***
- ***Align Medicaid and SCHIP quality initiatives with Medicare quality initiatives; and***
- ***Create an advisory council similar to the Medicare Payment Advisory Commission (MedPAC) that would focus on SCHIP and Medicaid quality and access issues.***

References:

1. Pear, R: Number of Uninsured Has Declined by 15 Million Since 2013, Administration Says. *NY Times*, August 12, 2015.
2. Skaggs, DL: Access to Orthopedic Care for Children with Medicaid Versus Private Insurance, *JPO* 2006 May-June 26(3) 400-4.

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