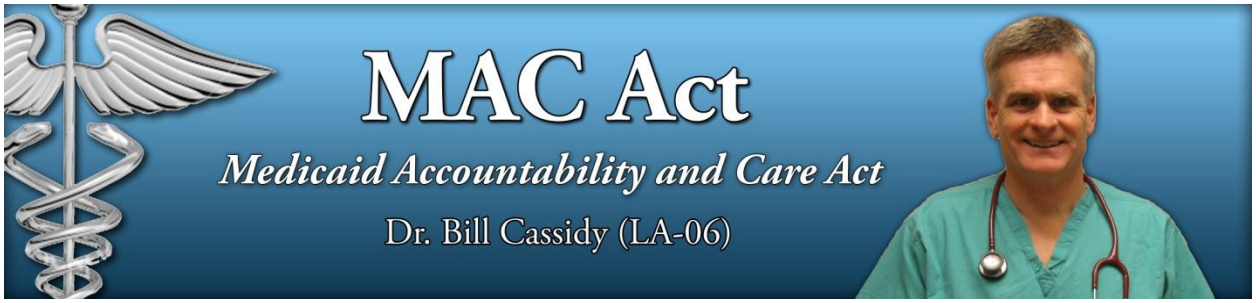

Frequently Asked Questions

Q: What is the MAC Act?
A: MAC Act is a bill before the 112th Congress by Republican Congressman Bill Cassidy, a practicing physician at a safety net hospital in Baton Rouge, Louisiana, that will modernize Medicaid's financing. This Medicaid reform proposal controls Federal outlays while simultaneously improving patient's outcomes and addressing fraud. There would be an equal Federal base payment for each Medicaid beneficiary regardless of where the beneficiary lived. The base payment would be adjusted for factors known to influence a patient's cost of care.

Q: What does the MAC Act do?
A: It is an alternative approach to Medicaid financing that addresses the escalating costs to state and federal budgets.

Q: What is the process to achieve savings?
A: It separates the Medicaid population into 4 groups which are more representative of the costs associated within the population. Within these populations, a per person payment will be made to the state to address their healthcare needs.

Q: How are the 4 groups broken down?
A: The four categories are Adults, Children, the Elderly, and the Blind and Disabled.

Q: How is it different from a block grant?
A: Since the MAC Act is based explicitly upon the number of individuals enrolled in Medicaid within a state, it protects the state during inevitable changes in population. State population changes due to in and out migration and the number of Medicaid enrollees changes inversely with the health of the economy.

Q: How do you incentivize better patient care?
A: There will be quality bonuses for states with high medical outcomes. We set up a system where we track patient outcomes so that the states compete to secure quality bonuses to be spent on their Medicaid population. These awards will be broken down into the 4 categories to enhance innovation.

Q: What is the state financial role?
A: The state must show in good faith to have spent at a matching rate equal to the lowest state match required. In return, states are no longer able to use provider taxes and inter-governmental

transfers (IGTs) towards their match. Although states will not be using these transfers, their state match will be sufficiently low enough to make up for the difference.

Q: Then does this mean there will be less money overall (federal and state) spent on the poor?
A: No, when speaking of actual health care dollars, it does not account for the current use of IGTs and provider tax which are not explicitly used within the health care sector.

Q: How does MAC Act fairly distribute Federal Medicaid dollars?
A: It reduces the discrepancy between states by adjusting Federal per capita payment to each state and for each category to the mean of all states for a given category plus or minus 10%. The transition from current payment rates to the adjusted rates will be over 10 years.

Q: How does the transition work?
A: After the date of enactment, there is a two year static period of current payment. During that time States will collect and share data to the Secretary. Year 3 to year 10 States will have incremental changes to the federal payments that they receive.
Q: What about those eligible for Medicaid and Medicare (Dual Eligible's)?
A: Creates a state option to combine Medicare and Medicaid payments for full-benefit dual eligible's to be administered by the state. The purpose is to align incentives and thereby improve outcomes while saving state taxpayer dollars.

Q: Are there mandatory services?
A: The MAC Act is strictly a reformed financing structure for Medicaid therefore the same federal mandatory benefits are in place.

Q: What about optional services?
A: The cap only pertains to federal spending therefore the states are still able to spend state dollars where they see fit. States can continue to offer optional services to incentivize better health outcomes. Health outcomes will be rewarded through the chronic care quality bonus pools.

Q: What about current waivers?
A: Current waivers are grandfathered in.

Q: What waste and fraud recovery?
A: All recovery from fraud and abuse would be retained by the state.

Q: What if a State comes in under the cap amount?
A: States retain all savings from bringing in Medicaid health delivery under cost.