MFAR Risks Children’s Access to Care

Children’s hospitals, along with a broad array of Medicaid stakeholders, have urged CMS to withdraw the Medicaid Fiscal Accountability Regulation (MFAR). Lawmakers at both the state and federal level should reach out to the administration and express their concerns that these proposed changes extend far beyond improving transparency—they will negatively impact access to care for children and other beneficiaries.

- The policies proposed in MFAR will likely have a significant impact on the federal Medicaid funding available to states and, in turn, services and supports provided by Medicaid programs. As the largest beneficiary group in Medicaid, children will suffer disproportionately negative outcomes.

- We recognize CMS’ need to examine how federal Medicaid funding is being spent to ensure policies in place at the state level are compliant with federal rules and support the goals of the Medicaid program. However, this proposal goes far beyond improving transparency.

- Children’s hospitals are concerned about the broad policy changes included in MFAR, as well as the lack of analysis on potential state Medicaid program impacts and care access implications for the millions of children who rely on Medicaid. The impact is especially concerning in light of the current public health emergency. CMS should first conduct an evidence-based analysis to discern whether broad policy changes are needed and what the impact would be on the over 36 million children who rely on Medicaid.

- For states, the rule does not include clear standards for what will be permissible and not permissible, resulting in much uncertainty. If there are instances of policy misinterpretation, CMS should focus on those limited situations rather than make broad policy changes that could have significant funding consequences for states.

- The long-standing state financing mechanisms at risk under this proposal often support supplemental payments—which are critical to children’s hospitals due to their large Medicaid volumes—but also the broader Medicaid programs, including health insurance coverage for millions of children.

- Supplemental payments are critical investments to support children’s access to necessary care. Children’s hospitals rely on these payments to address the gap between the cost of care and Medicaid reimbursement.

- Other pediatric providers, particularly in rural areas, would be especially hard hit by any payment reductions—this could reduce the number of pediatric providers willing to accept patients enrolled in Medicaid. We are particularly concerned these changes are being contemplated without careful assessment of their impact on children’s access to care.

- Children with specialized health care needs often must cross state lines to get the care that they need. This can be challenging with the considerable variation between state Medicaid programs. We must ensure that no policy changes included in MFAR make access to out-of-state care even more difficult for children and families.
• CMS should withdraw this rule and instead work with states and providers to determine what is currently collected at the state and federal level to align with current reporting and to ensure that the required reporting provides meaningful, actionable information that supports Medicaid’s critical role for children. This approach would be more consistent with the agency’s ongoing efforts to provide states greater flexibility, streamline regulations, reduce regulatory burden and improve beneficiary and provider experience.