

Washington Update



GAO RELEASES OVERVIEW REPORT ON MEDICAID

With the Medicaid program marking its fiftieth anniversary on July 30, 2015, the U.S. Government Accountability Office's July 8 overview report on Medicaid has found several key issues facing the program as it moves forward. GAO identified the following problems:

- **Access to Care:** Medicaid enrollees report access to care that is generally comparable to privately insured individuals, but may have greater difficulty accessing specialty care (like mental health care) and dental care. GAO has recommended actions such as improving data on enrollees' access to care. The Centers for Medicare & Medicaid Services (CMS) has issued guidance to states about reporting referrals for

services, but has no plans to require states to report whether certain enrollees receive services for which they are referred.

- **Transparency and Oversight:** The lack of reliable CMS data on states' financing of the non-federal share of Medicaid and program payments to providers hinders federal oversight. Also, improvements are needed in the Department of Health and Human Services' criteria, policy and process for approving state spending on demonstrations—state projects that may test new ways to deliver or pay for care, which have grown to account for close to one-third of federal Medicaid spending in 2014.
- **Program Integrity:** The program's size and diversity make it vulnerable to improper payments, which totaled an estimated \$17.5 billion in fiscal year 2014, according to HHS. Keys to ensuring the most appropriate use of funds are (1) identifying and preventing improper payments in fee-for-service and managed care, (2) setting appropriate payment rates for managed care organizations, and (3) ensuring only eligible individuals and providers participate in Medicaid.
- **Federal Financing:** Automatic temporary increases in federal assistance during economic downturns and more equitable allocations of federal Medicaid funds to states (by better accounting for states' ability to fund Medicaid) could better align federal funding with state needs, offering states greater fiscal stability.

The full report can be found at www.gao.gov/assets/680/671238.pdf.



SENATE FINANCE COMMITTEE RELEASES TAX REFORM WORKING GROUP REPORTS

The Senate Finance Committee's tax reform working groups finally released their recommendation reports last Wednesday, and in doing so did not recommend any municipal bond restrictions. The municipal bond market was included in the report by the Community Development and Infrastructure group, although no recommendations were made. The report did delve into some historical context of municipal bonds, citing that over the period between 2002 and 2011, state and local governments have issued on average \$384 billion in tax-exempt bonds, and as of 2014, state and local governments had total municipal security liabilities of nearly \$3 trillion.

The report notes:

“Our working group was tasked with not only exploring the current state of the Highway Trust Fund, but also examining the tax expenditures related to economic and community development. Some tax expenditures help state, local and tribal governments build infrastructure such as roads, bridges and airports, while other tax expenditures are for affordable rental housing for low-income families or for businesses to invest in impoverished and difficult-to-develop areas.”

The five working groups included:

1. Business Income Tax
2. Community Development and Infrastructure
3. Individual Tax
4. International Tax
5. Savings and Investment

The detailed municipal market information is located in the Appendix of the Community Development and Infrastructure report. All of the reports can be found at www.finance.senate.gov/newsroom/chairman/release/?id=e9eefc66-7e11-4276-939f-3eca6fd6d959.

SENATORS INTRODUCE BILL TO INCREASE FINES ON MUNICIPAL VIOLATIONS

Senators Jack Reed (D-RI) and Chuck Grassley (R-IA) have introduced a bill that would strengthen the U.S. Securities and Exchange Commission's ability to crack down on violations of securities laws, including the municipal market. The bill, The Stronger Enforcement of Civil Penalties Act (SEC Penalties Act) updates and strengthens the SEC's civil penalties statute by:

- Increasing the statutory limits on civil monetary penalties.
- Directly linking the size of these penalties to the scope of harm and associated investor losses.
- Substantially raising the financial stakes for repeat securities law violators.

Commenting on the bill, Sen. Reed stated:

“This bipartisan bill gives the SEC the firepower it needs to crack down on Wall Street fraud and punish repeat offenders.”

The bill summary can be found at www.grassley.senate.gov/news/news-releases/bill-seeks-tougher-penalties-wall-street-fraud.

THE WEEK AHEAD: SNAP

On Wednesday, the House Agriculture's Nutrition Subcommittee will hold a hearing on the “Past, Present, and Future of SNAP: Developing and Using Evidence-Based Solutions.” The Supplemental Nutrition Assistance Program is the largest program in the domestic hunger safety net, where states work with the federal agencies to improve program administration and ensure program integrity.

- <http://agriculture.house.gov/hearing/nutrition-subcommittee%E2%80%94public-hearing-past-present-and-future-snap-developing-and-using>

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