

**Special Committee on Aging Hearing**  
**“Examining Medicare and Medicaid Coordination for Dual-Eligibles”**  
**Wednesday, July 18**  
**2:00 p.m.**  
**Opening Statement**

Welcome and thank you for participating in this hearing to get an update on care for seniors known as “dual-eligibles”, who receive both Medicare and Medicaid benefits.

Seniors in this vulnerable population usually suffer from poor health status and lack the financial resources to supplement their treatment. As a result, their care can be very complicated and costly, particularly because of Medicare’s and Medicaid’s competing rules, which create inefficiencies for the patients, providers and payers.

There are about 9 million dual-eligibles, and some recent estimates place their annual cost of care to be about \$300 billion by federal and state governments. According to the Centers for Medicare and Medicaid Services, dual-eligibles represent 20 percent of Medicare enrollment but 32 percent of total Medicare spending. In Medicaid, they make up just 15 percent of enrollment but 35 percent of program costs. With the Medicare trust fund on track to be insolvent by 2024 and state and federal budgets in dire financial predicaments, we must make sure Medicare and Medicaid are working together to serve dual-eligibles efficiently and cost-effectively.

There have been some innovative solutions to fully integrate financial incentives and coordinate patient care. Existing models like the Program for All Inclusive Care for the Elderly, known as PACE, and some Medicare Advantage Special Needs Plans are successfully navigating complicated rules to implement patient-centered care. But very few individuals are enrolled in these programs. There is much more we must do so that dual-eligibles get quality care at a lower cost.

CMS is in the process of implementing state demonstration projects with a goal of achieving financial alignment between Medicare and Medicaid for the treatment of dual eligibles. Twenty-six states, including Tennessee have applied under this demonstration program, which allows states to have the flexibility to be laboratories of innovation and could expand integrated coordinated care for dual-eligibles from 120,000 to as many as 3 million.

With any program of this size, affecting the care of so many patients, there must be appropriate congressional oversight. And given a recent Congressional Budget Office report demonstrating how previous coordinated care demonstrations have not achieved sufficient savings, there is a lot riding on whether or not coordination and financial alignment can work to truly improve the quality and contain the cost of care for dual-eligibles.

I look forward to hearing from our witnesses today on how we currently serve dual-eligibles and what more we could do. These issues are critical to protecting the retirement security of current and future seniors. Thank you.