



## **Supreme Court Punts on Medicaid Reimbursement Issue**

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The U.S. Supreme Court has kept alive a suit challenging state cuts to Medicaid reimbursement rates.

In a 5-4 decision, the Court remanded back to the Ninth Circuit the question of whether a state law that cuts Medicaid reimbursement rates is preempted by the Supremacy Clause.

The case stemmed from a trio of amendments passed by the California legislature to its Medicaid plan in 2008 and 2009 that reduced the payments the State would make to various Medicaid providers. While the amendments were under review by the Centers for Medicare & Medicaid Services ("CMS"), a group of providers and beneficiaries brought suit under the Supremacy Clause. The plaintiffs claimed the amendments were preempted by federal Medicaid law, which requires a state's Medicaid plan to “enlist enough providers to make Medicaid care and services sufficiently available.”

The Ninth Circuit held for the plaintiffs and California appealed to the U.S. Supreme Court. Not long after oral argument before the Court, CMS determined the cuts *did* comply with federal law.

Justice Breyer, writing for the majority, held that the fact that CMS approved the amendments did not make the question moot, but it did change the case's posture. Namely that plaintiffs must seek review of the CMS determination under the Administrative Procedure Act, which would allow for an authoritative judicial determination on the merits. And the Ninth Circuit, in re-examining whether the state laws conflict with federal, must give the appropriate deference to the agency's finding.

The Court vacated the Ninth Circuit's judgments and remanded the cases.

In his dissent, Chief Justice Roberts argued the Medicaid Act does not give a private cause of action to enforce the reimbursement rate provision. In his view, the plaintiffs' attempt to use the Supremacy Clause to circumvent this problem was invalid.

The text of the ruling can be found [here](#).