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Lawmakers looking to contain cost of catastrophic health care fund

When Idaho's poorest people get emergency care at a hospital and are unable to pay, counties and the Idaho state government foot the bill. That bill has been growing by millions in recent years, and government officials who have to pay that price are looking into ways to cut the cost.

The Catastrophic Health Care Cost Fund (CAT Fund) pays the medical costs for people suffering catastrophic illnesses who can't afford to pay themselves. Idaho counties pay the first \$11,000, with the state covering the rest. "If the claims are incurred, we're obligated to pay them," said Bonneville County Commissioner Roger Christensen, who chairs the board overseeing the fund.

The state's share of the CAT Fund is expected to cost almost \$32 million in the current budget, a price tag that's steadily risen from less than \$10 million in 1999. Gov. Butch Otter has requested an additional \$7 million in the current budget to meet that cost, which is expected to cover expenses for 1,500 county residents deemed medically indigent.

The cost to counties has also risen in the past few years. Property tax levies for medical expenses, which include the CAT Fund, have nearly doubled in the past two years, from \$17.6 million to \$32.5 million, according to Christensen.

The state is taking several steps to try to reduce costs. The Legislature passed a law in 2009 that lets the Department of Health and Welfare (DHW) check to see if anyone filing a claim for money from the CAT Fund is eligible for Medicaid, which would shift some of the burden off the state government and onto the federal government. DHW can also manage some of the indigent people's cases in an effort to lower their cost of care by transferring them to cheaper facilities.

"The largest chunk of the savings will be in case management, as they start to properly steer how people should be treated," said Sen. Dean Cameron, R-Rupert. "Rather than leaving them in the hospital and charging them hundreds of dollars a day, they could go to a rehabilitation facility for a third of the cost."

While the state is having to add \$7 million to pay for its share of the CAT Fund this year, counties aren't finding it easy to pay for the plan. Having a heavier burden would be difficult, according to Idaho Association of Counties Deputy Director Tony Poinelli. "The problem will end up being where will the counties get the money?" he said. Poinelli said counties could hit their property tax limits, because they're required to foot the bill for the program. "I believe that everybody's trying to save as much money as possible," Poinelli said. Christensen said another way that states and counties could save money is by reducing their reimbursement rate to hospitals. The CAT Fund currently pays for services based on a set of Medicaid rates, but lawmakers could change that to a lower government pay rate.

Christensen said the board looked at 26 cases for potential savings by shifting to a lower reimbursement rate, reducing the length of stay, or shifting individuals off the CAT Fund and onto Medicaid or programs for veterans. The cases had an original price tag of \$3.4 million, but had a potential savings of \$2 million, most of which would've gone back to the state.

Another option to save the state money could be to shift more of the burden of the CAT Fund back onto counties, though there may not be widespread support for that idea.

“Our job’s going to be to evaluate whether it saves us money in one pocket and costs us in another pocket,” Cameron said.

Rep. Fred Wood, R-Burley, a doctor and hospital medical director, said such a plan wouldn’t pass easily in the Capitol. “If all you’re going to do is cost shift, then that will be a real debatable issue,” he said. “That just turns out to be a turf fight of who has to pay.”