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## Next big debate: Medicaid cuts

*Lawmakers eye in-home care, extent of benefits over dropping entire programs.*

Education reform has been the dominant issue for much of the Idaho legislative session. But another huge debate could change that conversation this week when lawmakers roll out their proposal to cut more than \$38 million from the government health care program that covers the most vulnerable people in Idaho.

“It has the potential of being one of the more difficult issues that we face as a state,” said Sen. Bart Davis, R-Idaho Falls, the majority leader. “These are very, very difficult proposals and hard votes to cast.”

While the education-reform debate has played out publicly since schools chief Tom Luna unveiled his proposals in early January, the potential changes to Medicaid have been kept largely quiet after an emotional public hearing before legislative budget writers and health and welfare committee members last month.

That will change soon. The chairs and co-chairs of the Health and Welfare committees along with members of leadership met Wednesday to finalize a bill that will lay out changes to Medicaid. The changes will not only include short-term budget reductions, but a long-term approach to rein in costs and provide better services to individuals, said Rep. Janice McGeachin, the chairwoman of the House Health and Welfare Committee.

Her committee heard from stakeholders on Jan. 26 — before, not after, lawmakers crafted a plan. It was a “whole different process” than education, McGeachin said. Luna has been criticized for not including stakeholders in the formulation of his plan.

However, the stakeholders have not been informed what will be in the legislation — nor did they have a direct hand in writing it.

“They all made recommendations. We’ve taken some of their recommendations,” McGeachin said. “Whether they agree with the final product remains to be seen.”

### *WHY THE PROBLEM?*

Medicaid is, by far, the second-largest program in the state budget — behind only public schools. Medicaid is 17.3 percent of the Joint Finance-Appropriations Committee’s proposed budget.

An increase in the number of people qualifying for Medicaid and in the number of services they are using have pushed the state’s spending higher and higher. In 2009, Idaho spent \$384 million on Medicaid. In 2012, thanks in part to a drop in the federal match, the state plans to spend \$435 million — and that’s with the cuts proposed by Gov. Butch Otter and legislative budget writers.

How the state gets to that number will be presented in the bill, which is expected to have a print hearing on Monday or Wednesday, McGeachin said.

“We have to get it going,” said McGeachin, pointing out that the legislation must come from her committee before JFAC can begin to set some budgets.

The job is compounded by federal obligations and rules that limit what cuts Idaho can make. The state is not allowed to reduce eligibility and it has already frozen reimbursement rates. That leaves a reduction in services one of the few areas to achieve savings.

### *POTENTIAL SOLUTIONS?*

Katherine Hansen, the president of the Idaho Association of Developmental Disabilities Agencies, was among 10 health care stakeholders that testified during the Jan. 26 committee meeting, which lasted more than 2 1/2 hours.

Among her recommendations for cost savings: capping the weekly hours for services at 18 (down from 22) and looking at a retirement age for therapy. She also suggested a collaborative approach with other agencies and the Department of Health and Welfare.

“I’ll be eager to see what the proposals are,” Hansen said. “We’ll come in and show our support and try and see if we can make it work or if they’re quite different from what we were recommending. There has not been the collaborative effort that I presented and hoped for.”

Richard Armstrong, director of the Department of Health and Welfare, told lawmakers in January what to expect.

“It’s not going to be easy. It’s not going to be painless,” he said. “We need to focus on preserving the core services that protect health and safety. Services that are a matter of life and death.”

Among the options presented by the state department was the so-called “blunt approach,” which would have eliminated adult psychosocial rehab and developmental disability services. The department also laid out tailored approaches to deal with a \$25 million cut. But the amount of reductions needed has grown since January.

Some GOP lawmakers have said they would like to target the extent of benefits some recipients get, and not eliminate whole programs. Specifically, they say the state could reduce the amount of money given to people who take care of family members with disabilities in their homes.

As part of the bill, hospitals have agreed to tax themselves \$28.5 million — up \$3.5 million from last year’s agreement with lawmakers — in order to capitalize on federal matching dollars, said Steven Millard, president of the Idaho Hospitals Association.

McGeachin said she would make the proposal available to members of her committee in advance of the print hearing, but did not plan to make it publicly available. Luna put his education reform proposals online several days before the print hearing.

Senate Minority Leader John Rusche, D-Lewiston, a physician, said he has been offering input to those crafting the bill. “Tell them what the impacts are,” said Rusche, who has not talked to the bill crafters in more than a week. “I sat with them and offered my personal experience.”