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State Medicaid budget dealt one-two punch

BOISE — The Joint Finance-Appropriations Committee on Thursday approved a Medicaid budget aimed at preserving what's critical but still making cuts that reflect the state's economic woes.

The \$1.55 billion Medicaid budget trims about \$47 million in state spending for fiscal year 2011, which is 3.5 percent of state general funds. That amounts to an overall cut of about \$191 million from Medicaid when factoring in the federal matching dollars that are lost because of the state reduction, Idaho Department of Health and Welfare officials said.

Legislators aim to offset part of the \$47 million cut with \$25 million in additional Medicaid assessments for hospitals, though that still leaves a hole of \$22 million in state funding. The budget proposal recognizes the tight economy with legal language that allows the creation of waiting lists for non-essential services. At the same time, the state is not changing eligibility requirements, nor can it eliminate entire categories of services that Medicaid offers.

It also gives Gov. C.L. "Butch" Otter the ability to modify the state's Medicaid requirements through an executive order to ensure programs don't exceed appropriations.

"We have to look at the stark reality of the economic situation the state finds itself in," said Rep. Fred Wood, R-Burley. "My understanding is that nobody has seen anything like this in the last 80 years and we don't know what the future holds for us with respect to the economy of the state."

Wood, a physician, stressed the need to preserve what's critical without changing the eligibility of people on Medicaid. "We have to be creative in figuring out how we can maintain as many services as we can," Wood said. "... We didn't want to reduce whole categories of eligibility and whole categories of service."

The budget proposal also directs the state agency to negotiate with Medicaid providers for lower prices to save money.

Health and Welfare Director Richard Armstrong said that he's open to reducing rates, but stressed it can only be done in a way that won't make medical providers lose their desire to participate in Medicaid. "What we'll have to do is see if we can go deeper without reducing access to care," he said, adding that prices have already been kept down.

Also, gaining federal approval for changes can be a lengthy process, which raises more doubt about the likelihood of finding more savings in fiscal year 2011, Armstrong said. The Medicaid budget passed 16-2, with Rep. Shirley Ringo, D-Moscow, and Sen. Nicole LeFavour, D-Boise, opposed. "We're talking about people's lives and their health, their access to the services they need," LeFavour said. The budget still faces approval in the House and Senate.