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More patients, higher bills overwhelm Medicaid

Plan can't keep up despite 3.1 percent increase in state and federal funding.

Legislative budget writers on Thursday told the Idaho Department of Health and Welfare to shave \$42 million in state funds -- more than \$190 million counting federal matching funds -- from Medicaid's budget for 2010 and 2011.

Who gets Medicaid?

About 213,000 people, most of them children, rely on it for many of the same services private insurers cover. Adults often have complicated disabilities that require expensive treatment. Medicaid cannot turn away people because they have pre-existing conditions.

Why are those numbers so high?

A grim economy is adding more people, especially children, to the rolls as parents become under- or unemployed. Ten percent growth is expected this year.

Lawmakers and Health and Welfare officials expected a deal with Idaho hospitals to shave \$25 million off, leaving \$42 million. That deal would not reduce anyone's benefits. Beyond that deal, lawmakers left it up to Health and Welfare to come up with a plan.

So far, there isn't one. "We don't know at this point," Dick Armstrong, director of the Idaho Department of Health and Welfare. "The language we saw today was the first time we've seen it."

It will take time meet with doctors, mental health professionals, and agencies that provide sheltered workshops and other services for adults with disabilities. JFAC did not set a deadline.

Here are some of the high points of Thursday's meeting of the Joint Finance-Appropriations Committee. The committee sets budgets for all state agencies. The budgets then must pass the Senate and House to become law.

Hospital deal to cover \$25 million

Hospital bills are the single biggest Medicaid expense. Under the Hospital Assessment Act, hospitals will pull together \$25 million to give to the Medicaid program. That money will trigger a federal match of \$100 million that will be used to pay hospital bills.

It is a win-win scenario for hospitals, patients and the Medicaid program, officials said.

"If they just cut the rates, \$125 million goes away," said Steve Millard, president and CEO of the Idaho Hospital Association. "It would be a hemorrhage."

The act was used in 2008 to cover a similar problem with hospital bills for Medicaid patients. It was to be amended this week or early next week to include the current crisis.

No opposition was expected, said Dick Armstrong, director of the Idaho Department of Health and Welfare.

Pay health care providers less

The committee wanted Health and Welfare to look first into paying health care providers less and second into cutting patients' benefits. Paying doctors or other health care providers less is tricky because the federal government prohibits cuts so deep that Medicaid patients can't get in to see a doctor when they need to.

"Payment reductions will have to be surgically done," Armstrong said.

Cut benefits to patients with cystic fibrosis

During last year's legislative session, lawmakers wrangled publicly over whether to stop helping adults with cystic fibrosis pay for expensive drugs and other treatments related to their illness. Gov. Butch Otter's office recommended setting aside \$150,000 in state funds for those patients, but JFAC said no.

There still is a chance a champion of the cystic fibrosis program could convince legislators to pay for it, but that is very unlikely, said Dr. Perry Brown, associate director of the Cystic Fibrosis Center of Idaho, located on the St. Luke's Boise Medical Center campus. He didn't know about the vote, but said he wasn't surprised, and he feared some patients would go without preventive treatment.

"I worry that they will end of up having more difficulty accessing their routine and preventative care, and as a result will probably end up costing themselves, the county, the state and Medicaid quite a bit more money in the long run."