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Idaho hospitals offering to help with Medicaid matching funds

Without the assessment, state could lose a lot of federal money

BOISE - A group of private hospitals in Idaho are offering to kick in \$25 million each of the next two years to offset cuts in the state Medicaid budget and fend off even deeper reductions in the federal matching money used to reimburse hospitals.

A bill that would give the state authority to assess 20 private hospitals, most of them nonprofits, was approved unanimously by a legislative committee Friday.

The legislation is yet another byproduct of Idaho's struggling economy, high unemployment and the spending cuts facing so many state agencies and programs. Administrators for Idaho's Medicaid program, which serves about 150,000 poor children, are charged with finding more than \$47 million in savings to meet fiscal year 2011 budget targets set by lawmakers.

To help meet that goal, the state would collect \$25 million from participating private hospitals in 2011 and 2012. But to hospital executives, contributing to the Medicaid budget is insurance against bigger financial losses in the future. State officials say the \$25 million each year will bolster the account enough to trigger the federal Medicaid matching money used to cover hospital bills for Medicaid patients.

Under the existing formula, the federal government matches 80 cents for every 20 cents in state Medicaid reimbursements. Steve Millard, president of the Idaho Hospital Association, said the \$25 million assessment keeps hospitals eligible for up to \$100 million in federal matching money.

"For two years, we're willing to put up \$50 million in the pot," Millard told the committee. "The main thing is to not lose the federal matching funds."

The state's economic slide has put more pressure on Medicaid and other state-federal health insurance programs for the poor, disabled and unemployed. Enrollment for Medicaid assistance is up 10 percent so far in 2010 compared to the same time a year ago.

Dick Armstrong, director of the Department of Health and Welfare, is hoping to make up the remaining \$22 million in Medicaid savings by negotiating reduced payments to some providers.