

**Idaho Reporter Online, Wednesday, March 23, 2011 -- by Dustin Hurst (2 pages)**

## **Senate Health and Welfare Committee approves \$34.6 million Medicaid reduction bill**

One of the pieces of legislation critical to budget-setting and the end of the 2011 legislative session is one step closer toward clearing the Legislature. The Senate Health and Welfare Committee approved a bill Tuesday that would cut state Medicaid spending by \$34.6 million in fiscal year 2012. Senate leadership has indicated that clearing of the bill is needed to help lawmakers end their work by April 1.

The measure passed on a 7-2 vote, with Republicans supporting the bill and Democrats opposing it.

The proposal, sponsored by Rep. Janice McGeachin, R-Idaho Falls, is the second attempt to pass such a bill. An earlier measure that aimed to save \$39 million was scrapped after House members decided to remove some cost reduction methods from the bill.

The legislation, formally House Bill 260, would reduce total Medicaid spending by \$107 million because of the cost-sharing agreement between the federal government and the state.

McGeachin told senators that the changes in the bill will help move Idaho from a fee-for-service structure to more of a managed-care plan. Her bill would mandate that the Idaho Department of Welfare study managed care options and see what Idaho could do to move even further in that direction.

Some of the savings will come by freezing automatic payment rate increases to some health service providers. Other funds will be saved by cutting some non-emergency Medicaid dental funds, reducing allowable chiropractic visits each year from 24 to six, altering payment rates for prescription drugs, and eliminating audiology benefits altogether.

There are few – if any – changes to services for children because the state is limited in that area by federal regulations.

One of the most controversial pieces of the old plan was the so-called “retirement” of those with disabilities from psychosocial rehabilitative services at the age of 45, when they would have been moved to a less-costly care program. Those testifying on the plan said that the loss of services for disabled citizens would land them in more costly intensive-care facilities, ultimately costing Idaho more money.

By removing that provision from the legislation, lawmakers reduced cuts by about \$2.6 million.

The other measure axed from the original plan also dealt with cutting off services for some of the more capable – yet still disabled – citizens in Idaho. The services are for those who are independent and can live on their own, but might still need some skill-building help from service providers.

The original plan would have completely cut the services to the more-capable citizens. The new plan will leave the funding as is, which means about \$1.8 million less in savings.

Before the final vote, there were kind words for stakeholders and legislators who worked on the issue. Sen. Joyce Broadsword, R-Sagle, said that she appreciated how narrowly cuts were made. “A meat cleaver could have been used, but it wasn’t in this case,” Broadsword said.

Sen. Lee Heider, R-Twin Falls, said that he was impressed with how legislators listened to the public and removed provisions too toxic and detrimental to public good. “It’s an example of how government should work and I am proud to be a part of it,” said Heider.

Even Sen. Dan Schmidt, D-Moscow, who opposed the plan, said it was “impressive” to watch the plan come together. Schmidt, however, warned that the bill may not save as much money as projected.

Sen. Les Bock, D-Boise, said that disabled citizens who lose services because of the plan “will resurface in another part of the system.” Bock explained that counties would likely shoulder much of the burden because there will be more use of the catastrophic health fund. Though he didn’t expound, Bock said the Legislature wasn’t forced to reduce spending and services. “I think don’t we have to make these cuts,” he said.

Committee chair Sen. Patti Anne Lodge, R-Huston, countered Bock’s comments, saying that other options included tax increases. “They wanted to tax somebody else,” said Lodge of those arguing for tax hikes. “They wanted a luxury tax. They wanted a cigarette tax.”

Lodge said lawmakers did what they could with what they had. “I want you know we did the best we possibly could,” she said.

The measure now heads to the Senate floor for a vote.