

## Looking for Medicaid fix

### Many states' officials press Congress for programs already considered in Texas

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Governors and legislatures across the country want more flexibility to shape their Medicaid programs, an approach already being considered in Texas, as one way to rein in spending on the program that could eventually threaten the solvency of some states.

Medicaid is state and federally funded health insurance for poor Americans, and paying for it eats up about a quarter of Texas' \$118 billion two-year budget.

Spending on the program nearly doubled over the past nine years. And officials project that enrollment will increase by an average of 7 percent each of the next five years.

"All states are collapsing under this weight of their Medicaid budgets, and the effort to slow the growth of Medicaid is certainly something that every state is begging for," said Mary Katherine Stout, health care policy analyst for the Texas Public Policy Foundation, a group that supports limited government.

Her concerns mirror those of government officials across the country.

On Monday, The New York Times reported that the National Governors Association and the National Conference of State Legislatures are considering Medicaid reform recommendations intended to guide Congress.

The groups want the federal government to give them more flexibility in making decisions about coverage and to require co-payments and deductibles for Medicaid recipients with higher incomes, among other proposals, according to The Times, which obtained a draft of the recommendations.

The National Conference of State Legislatures' current policies already call for increased flexibility. The group's Medicaid policies are being revised and are expected to be unveiled in August, health policy director Joy Wilson said.

Kathy Walt, a spokeswoman for Gov. Rick Perry, declined to comment on the proposals reported in The Times.

"I think what we're going to do is wait to see what the specific proposal is, and, in large part, we need to look at how the specific proposals impact the state of Texas," she said.

Walt did say that Perry had talked to Florida Gov. Jeb Bush, in addition to leaders in other states, about reforms and that Perry was particularly interested in states' having more authority over coverage.

Texas has been trying to tackle the issue for years, including introducing an ongoing managed-care pilot program in 1998 that serves aged, blind and disabled Medicaid recipients in Harris County.

In 2004, those populations accounted for 21 percent of the program's caseload statewide -- and 59 percent of the costs.

Perry assembled a work group in 2003 to study Medicaid, which has an average of 2.8 million Texas recipients, and to come up with money-saving strategies.

The group, which included hospital officials and other health care representatives, released its recommendations in March.

The report calls for changes to all aspects of the program: improving federal funding formulas, rethinking how the state pays health care providers, reforming long-term care and providing the leeway Perry wants.

"For true modernization of the Medicaid program, Congress should consider proposals that allow state governments to operate their Medicaid programs more like private health insurance plans and allow for innovations like health savings accounts," Perry wrote in a March letter to his Medicaid Reform Workgroup.

The large number of people the state must, by federal law, provide with Medicaid "will bankrupt state budgets," he said.

States must provide a certain level of coverage for pregnant women, children, disabled people and people who need long-term care, including the elderly.

However, Texas goes beyond the basic requirements by providing coverage to more pregnant women and people who need long-term care than required.

About 50 million Americans receive Medicaid, and, combined, the program costs states and the federal government more than \$300 billion a year.

The Texas report directs the Health and Human Services Commission to study how cost-effective it would be to have a fee schedule and reasonable emergency room co-pays to "discourage inappropriate use of emergency rooms."

Anne Dunkelburg, a senior policy analyst for the Center for Public Policy Priorities and a member of the Texas reform work group, agreed that something needs to be done to deal with high health care costs. But she warned that there is no easy fix to a system that has little fat to trim.

"There's not an easy way to rein in the cost of this program without basically making a decision that you're rationing care and saying some people are just going to go without the care that they need," said Dunkelburg, whose organization advocates for low- and middle-income Texans. "You're either going to have providers taking rate cuts, people getting less care or costs being shifted to local taxpayers."

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