

## Medicaid under the Legislature's radar

### Leaders ponder reforms to the health-care program for low-income Texans

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AMERICAN-STATESMAN STAFF

Friday, January 12, 2007

Several key state lawmakers say they have plans this legislative session to work on revamping Medicaid, the state-federal health care program for low-income Texans.

The future of the program, which is priming to be one of the premiere issues of the 140-day session that began Tuesday, is likely to trigger a fight between those devoted to ensuring the well-being of the most vulnerable Texans and those who fear that the swelling program could soon overwhelm the state budget.

After a legislative session and three special sessions dominated by school finance in 2005 and 2006, there could be a window for health-care issues, including Medicaid reform, to dominate this session.

Some legislative leaders say that the time might be now for Medicaid reform legislation, in part, because of a new federal law gives states greater flexibility in the way they deliver Medicaid services.

"That gives us an opening to make some much-needed reforms," state Sen. Jane Nelson, R-Lewisville, the chairwoman of the Senate Health and Human Services Committee, said in an e-mail interview.

Nelson is working on a reform plan that she says will:

- Encourage more physicians to treat Medicaid patients by improving reimbursement rates
- Better tailor Medicaid services to the needs of the individual
- Make private health insurance more accessible, and
- Step up state efforts to root out fraud, waste and abuse.

Nearly 3 million Texans are enrolled in Medicaid, which accounts for about a quarter of all state spending. The program pays for health care for 1 in 3 Texas children and 2 in 3 nursing home residents in the state.

As baby boomers age, services for the elderly and for people with disabilities — the biggest chunk of Medicaid — will continue to grow in demand. The Health and Human Services Commission has requested \$43.3 billion in Medicaid funding for the next two-year budget cycle, an increase in \$7.1 billion from the previous cycle.

Lt. Gov. David Dewhurst's spokesman, Rich Parsons, said the goal of the reforms is "to make sure those Texans who need it, get care, but as efficiently and cost effectively as possible."

Anne Dunkelberg, associate director of the Center for Public Policy Priorities, said she worries that reforms meant to curb spending could mean cuts in Medicaid services for Texans who depend on the services, such as people with long-term disabilities.

"I approach promises of Medicaid reform with a healthy dose of skepticism," Dunkelberg said. "Basically, what I'll be watching out for is cuts masquerading as reform."

Dunkelberg added that many of the options given to states by the federal Deficit Reduction Act signed last February are either already done in Texas or aren't applicable here. She pointed out that Texas is already in the midst of several major changes to Medicaid, such as outsourcing enrollment for Medicaid and other public assistance programs.

"We can't keep reorganizing the program every other year and expect to get any long-term, provable results," she said.

Some people worry that if Medicaid costs aren't reined in, the program could swallow the state budget.

"If we don't get (Medicaid) under control, there's not going to be any money for any of those other things like schools or roads or prisons," said state Rep. John Davis, R-Houston, chairman of a House subcommittee in charge of developing the health and human services portion of the state budget.

Gov. Rick Perry's spokesman, Robert Black, said the governor will lay out health-care plans in the next few weeks that will likely include Medicaid reform, though he declined to be specific.

In an interview Thursday, Perry said, "We have some, I think, very, very intriguing cost-effective and, I think, thoughtful approaches to the preventive side of health care and the long-term care of Texans."

A spokesman for Nelson said the senator plans to file a package of Medicaid reform bills in the next few weeks to add to the senator's already-filed Medicaid-related legislation.

Nelson's Senate Bill 23 represents an effort to ease some of the burden Medicaid by creating a program to educate individuals and small businesses about private health-care options.

Another Nelson bill, SB 22, would offer an incentive to buy private long-term insurance and, therefore, delay enrolling in Medicaid. If the bill passes, individuals would be allowed to enroll in Medicaid after private insurance is exhausted, even if they have assets that normally would have disqualified them from the program.

"If we could get half the people going into nursing homes to do that, we could significantly cut our Medicaid budget and then put that (money) into other areas," said state Sen. Bob Deuell, a Greenville Republican who is also a medical doctor.

One goal of Texas Medicaid reform is to cut down on high-cost services such as emergency room visits and invest more in preventive health, said Parsons, the lieutenant governor's spokesman. The Senate is studying solutions such as "creating incentives for clients who commit to healthier living," Parsons said.

Florida is attempting such a solution. A reform effort now underway in two counties there rewards

Medicaid recipients for participating in healthy behaviors such as getting a flu shot, getting a dental cleaning, stopping smoking or completing an exercise program. In exchange, the Floridians get credits they can exchange for items such as toothbrushes, cough syrup and first-aid supplies.

Mary Katherine Stout, director of the Center for Health Care Policy Studies at the Texas Public Policy Foundation, said the time might be right for reform in light of Comptroller Susan Combs' recent announcement that the state has \$14.3 billion available to spend in the next two-year-budget cycle than was spent in the last cycle.

"If there's any time you can get your house in order, it's when things are good," said Stout, whose research institute advocates for limited government. "The aging population is going to hit us. The consequence of not planning now is that when you hit a downturn, suddenly you have trouble paying for things you have promised."

The challenge, Davis said, will be finding solutions that the House and Senate can agree upon, solutions that will ensure the state's needy are taken care of while not busting the state's budget.

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