

Medicaid waiver may fall short

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The buzzword is “choice.” Rather than force elderly and disabled Rhode Islanders to go into nursing homes – because it is the only option for which it is easy for them to get Medicaid coverage – they should be given a chance to enroll in adult day services, or get a visiting nurse at home.

The idea is to avoid pulling people away from their families and communities unless it’s medically necessary, and by doing so, the state’s most vulnerable residents are empowered and more independent.

This perspective is behind the Rhode Island Global Consumer Choice Compact Waiver, a five-year plan to dramatically change how the state uses its Medicaid funds. Gov. Donald L. Carcieri first unveiled it in January, and it is now under negotiation with federal officials.

But beyond patient outcomes, there is another motivation as well, officials acknowledge: to control Medicaid costs, which took up 26 percent of the state budget in fiscal 2007 and are expected to take up 30 percent by 2011, even with a 52.5-cents-per-dollar federal reimbursement rate.

State officials say the Medicaid program as we know it is “unsustainable,” especially in the current budget crisis, so costs must be cut in some way – either through the waiver, or by drastically cutting eligibility, limiting benefits, or cutting providers’ reimbursement rates.

“The issue of Medicaid being on the chopping block is a reality,” Ann M. Martino, director of policy for the R.I. Executive Office of Health and Human Services (EOHHS), said at a recent public forum on the waiver at Rhode Island College. Gary D. Alexander, director of the R.I. Department of Human Services (DHS), spoke in similar terms, saying the goal is to “preserve some of the coverage that we have.”

Some legislators have expressed concerns about the plan, but the General Assembly still used a projected \$67 million in savings from the waiver to help close a more than \$360 million deficit in the budget for fiscal 2009, which began on July 1.

In public-policy circles and in the private sector, however, concerns about the waiver abound, from whether the money will suffice, to what the state will do with broad new

powers that it is seeking to manage the federal dollars it gets for the Medicaid program.

Medicaid waivers – contracts that allow states to depart from the standard structure of the program – are very common. Rhode Island alone has 11, covering everything from the RIte Care program, to dental care for small children, to home services for the elderly.

Generally, the waivers include some kind of deal: A state gets the freedom to expand Medicaid services, but it agrees to limit the federal government’s exposure. Most waivers are limited to a specific population, although Vermont, for example, has obtained two large-scale waivers, one to deal with acute care, another to handle long-term care, both with caps on federal spending.

Rhode Island, however, is the first to seek a single waiver for all its Medicaid programs, with a federal spending cap of \$6.7 billion over five years – the equivalent of 52.5 percent of projected total Medicaid spending for 2009 and 54 percent of total spending in the following four years.

The plan anticipates costs rising at 9.2 percent per year, with per-member-per-month costs rising by 6.8 percent and enrollment rising by 2.3 percent, both higher than the actual trends at this time, but allowing for an aging population and rising unemployment.

Should costs rise faster than that, however, Rhode Island would have to spend more of its own money or cut services. And to ensure that it can curb costs as needed – both in general, to improve efficiency, and in the event of a budget shortfall – the state is seeking broad freedoms.

Currently, “even marginal” changes to Medicaid services are subject to review by the U.S. Center for Medicare and Medicaid Services (CMS), with waits of 90 days and more, Alexander told the public-forum audience. But under the waiver, services for “optional” coverage groups could be changed with just state legislative approval.

In Rhode Island, “optional” groups include children with incomes of 100 to 250 percent of the poverty line (133 percent and above for children under 6); many parents, and seniors and people with disabilities with incomes between 74 and 100 percent of the poverty line.

State officials have not said they want to cut benefits for all those people, but they also won’t dismiss the possibility. The hope, Alexander said, is that the long-term care reforms that the waiver could allow will save so much money that Rhode Island won’t need to make “as drastic” changes to RIte Care.

Linda Katz, co-founder and policy director of the Poverty Institute at Rhode Island College, said the risk that programs will have to be cut goes against the traditional purpose of seeking a Medicaid waiver, which is to expand coverage.

And given the potential for cuts, many have expressed concern about the lack of details

and assurances in the state's plan.

Virginia Burke, president of the Rhode Island Health Care Association, which represents nonprofit nursing homes, worried that residents would be disqualified from institutional care, but not have good alternatives in the community. In that case, homes would have to keep them at their own expense, she said, or else put them in peril.

Martino said CMS wants "some very clear guidelines" and safety measures to prevent that, and state officials "are trying our best to make sure we're never forcing someone ... to be in a setting where they're not safe."

Roberta B. Merkle, president and CEO of Cornerstone Adult Day Services Inc., said in an interview that shifting the focus of long-term care toward home and community-based services "is the right move," and so is consumer choice, but even in her own sector, which stands to benefit, there are concerns that the state won't invest enough to meet the need.

Catherine B. Walsh, deputy director of Rhode Island Kids Count, which has testified against the waiver plan, said there are better ways to achieve long-term care reform and contain costs on that front, such as a more limited waiver.

And Rhode Island's Medicaid woes could also be alleviated soon, Walsh noted, by the planned federal economic stimulus package, which is expected to include extra Medicaid funds.

CMS also has agreed to make a presentation to federal lawmakers about the Rhode Island plan. But the chances of an Obama administration stopping this in its tracks are low, the DHS' Alexander said.

The Bush administration "has a number of waivers that they want to take care of before they leave, and this is one of them," he said. •