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Medicaid pact heads to Assembly

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PROVIDENCE — State lawmakers have 30 days to approve or reject an agreement with the Bush administration that would give Governor Carcieri “unprecedented flexibility” to change how the state provides Medicaid-financed health care to 200,000 Rhode Islanders, including the elderly, the disabled and the poor.

It’s a first-of-its-kind plan that Carcieri predicts would save the state more than \$358 million over five years.

“This is a huge shift from the federal bureaucracy to the state in allowing the state unprecedented flexibility to manage the Medicaid program,” Carcieri said in a news conference yesterday to announce a deal reached Friday.

Rhode Island is the first state in the nation to secure such a sweeping agreement — a controversial five-year plan that releases the state from strict regulations on how it spends its Medicaid money in exchange for a promise that the Ocean State will limit its Medicaid spending to \$12 billion over five years.

The governor’s administration has said it must overhaul the Medicaid system to avoid skyrocketing costs that threaten to consume more than half of the state’s annual budget within two decades.

But the proposal could have significant implications for the one in five Rhode Islanders receiving the health benefit, including upward of 6,000 nursing home residents and thousands of struggling families in the state’s RIte Care health insurance program.

And last week’s federal approval is just one step in a process that the governor now says could take several years to fully implement and probably won’t achieve the initially projected \$67 million in savings for the budget year that ends June 30.

The administration is still months away from rolling out some of the proposal’s more dramatic details, including new eligibility criteria for admission to nursing homes. In the near future, only those considered to have the “highest need” will be guaranteed Medicaid-subsidized admission.

“I just got off the phone with [U.S. Secretary of Health and Human Services Michael] Leavitt,” Carcieri said yesterday. “... He reiterated again the importance of this as a demonstration to the nation of what can be done with the management of Medicaid funding and Medicaid programs.”

While the governor cites flexibility, critics fear the plan would force hundreds of elderly people out of nursing homes and reduce medical services for the poor. For example, going forward, Medicaid recipients would be placed into three categories, with nursing home placement guaranteed only to those with the highest level of medical need.

Gary Alexander, director of the Department of Human Services, says the plan hinges on reducing the nursing home population by an anticipated 475 people over five years, but insists an assessment team of state workers and private contractors would instead steer them toward “more desirable” care options including at-home services and assisted living.

Virginia Burke, president of the Rhode Island Health Care Association, a nursing home industry group, said she is “concerned about the notion that anyone who needs nursing home care is not going to be able to get it [because] there is going to be an intermediary whose job is to keep people out of such homes.”

The other big question, says Alan Tavares, executive director of the Rhode Island Partnership for Home Care, is whether the state has the infrastructure to handle an influx of elderly patients seeking home-based care. “The answer right now is we really don’t know,” he said.

As for RItE Care, Alexander said the state believes it can save money without knocking people off the state-subsidized insurance rolls. Rhode Island, he noted, could shave \$1.8 million off the annual cost of RItE Care by dropping dental coverage. There is also talk, he said, of customizing benefits and redesigning benefit packages for RItE Care recipients so people can take advantage of limited benefits and catastrophic coverage instead.

Additionally, Rhode Island may create a preferred-provider list of sorts, with Medicaid reimbursing only those who charged competitive rates for a service such as a tonsillectomy.

Some say the specifics are still too vague for the state to make such a major financial commitment in a bleak economy.

“In these volatile economic times, trying to predict what the cost of health-care coverage will be for the hundreds of thousands of Rhode Islanders who rely on Medicaid for their services or for long-term care is a really risky proposition,” said Linda Katz, policy director for Rhode Island’s Poverty Institute.

And now the clock is ticking. The current budget is predicated on \$67 million in Medicaid reductions. But the prospect for that savings has shrunk while the state’s financial problems have grown. Rhode Island is now facing a \$357-million current-year deficit.

Though he signed off on that budget, Rep. Steven M. Costantino, chairman of the House Finance Committee, said he has been skeptical of the Medicaid proposal because of lack of details.

“I now have some detail,” Costantino, a Providence Democrat, said. “I have detail about the standards of care ... and I have assurances that people won’t be thrown out of their group home or their nursing home because of capacity issues.”

But while the governor and the Finance Committee chairman spoke enthusiastically about the opportunities to provide appropriate levels of medical care at less cost to state taxpayers, Lt. Gov. Elizabeth Roberts and all four members of the state’s all-Democrat congressional delegation joined health-care providers in voicing trepidation about how this deal would affect access to quality care.

Sen. Sheldon Whitehouse said he was “deeply concerned about this proposal. There is no indication that the state has the work force, physical infrastructure, or administrative capability in place to implement the sweeping changes envisioned by this waiver without risking the health-care benefits thousands of Rhode Islanders rely on.”

Despite assurances by Carcieri that the proposal would not be affected by the changing presidential administration or the much-discussed economic stimulus package that some say will be rolled out in January, a spokesman for Sen. Jack Reed said: “We’ll have to make sure that this proposal doesn’t have any repercussions in light of President-elect Obama’s plan to provide fiscal relief to states like Rhode Island struggling with high health-care costs.”

Roberts, who chairs the state’s Long Term Care Coordinating Council, said the panel will meet as soon as Jan. 7 to “conduct an in-depth examination into the actual program changes to Medicaid in order to have a better picture of how Rhode Islanders who rely on this coverage will be affected.”

“I continue to be concerned about the impact that this waiver agreement will have on the most vulnerable Rhode Islanders who need health care from our Medicaid system,” she said.

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