



RI releases \$12.4B plan to cap Medicaid spending

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By RAY HENRY



Gov. Don Carcieri released his plan Tuesday to overhaul Rhode Island's Medicaid program, offering to cap state and federal funding at \$12.4 billion over five years in exchange for more flexibility in how the program is run.

Carcieri is depending on the plan to help close a massive \$422 million budget deficit. Lawmakers were anxiously awaiting his proposal since they passed a budget hoping it will save \$67 million without first seeing the specifics.

Under the plan, the federal government would give the state a lump sum payment for its Medicaid program, which offers health care to poor, disabled and elderly residents. State officials hope that in return for assuming more risks of running the program, the federal government would increase its funding.

If the money runs out, the state would have to pay for any overruns or cut services, such as dental care, over-the-counter medication and podiatry services for adults. The plan assumes lawmakers will approve higher co-payments for many Medicaid beneficiaries and limit access to services based on medical need.

Carcieri wants to negotiate financial protections for Rhode Island in case the state suffers an epidemic, prolonged economic trouble or other unexpected events.

Medicaid accounts for about a quarter of state spending and threatens to disrupt other budget priorities unless its growth is checked, said Gary Alexander, director of the state Department of Health and Human Services.

"State revenues are not growing so if we don't enter this agreement or get an agreement like this, we're going to be faced with, you know, even more cuts to the programs in the 2010 budget," Alexander said.

Linda Katz, policy director of the Poverty Institute at Rhode Island College, questioned whether Carcieri can implement the plan before October, especially since federal regulators are supposed to allow 30 days for public comment before approving it. She said the plan lacked detail on how health officials plan to steer elderly patients into cheaper and less restrictive settings.

"The concept of rebalancing the system has been around for several years," Katz said. "It's not moved forward."

Before changing the Medicaid program, Carcieri needs approval from the federal Centers for Medicare and Medicaid Services. The Democratic-dominated General Assembly also would have to change certain state laws to make it work.

House Finance Chairman Steven Costantino, a Democrat who has urged Carcieri to release the plan so lawmakers can review it, did not return a call seeking comment. Senate Democrats had not been briefed on the plan Tuesday afternoon.

One of Carcieri's major goals is a 12 percent reduction in the time elderly patients spend in expensive nursing homes.

Instead, state officials want to see if more elderly patients could remain at home with additional support from the state, such as help taking medication and delivered meals. The state also wants permission to use Medicaid money to pay for shared-living arrangements, such as a nurse who cares for a handful of elderly patients in a private home.

"That would provide a lot of seniors with the flexibility for independence and greater freedom," Alexander said.

Under the proposal, the state would divide elderly patients into three levels depending on their medical needs. Only the frailest would be guaranteed nursing home or institutionalized care. If the money runs short, the state could stop or cut back services for people on the lower levels.

Alexander said state officials have not finalized the criteria for deciding how patients will be classified.

Medicaid patients would be required to use a primary care doctor or case manager to keep costs down. Under the proposal, they could also earn rewards or discounts for healthy behaviors, such as getting an annual physical and not using expensive hospital emergency rooms for routine care.

Carcieri plans to submit the proposal to federal regulators Aug. 8. Lawmakers can veto any agreement the governor reaches with the federal government.

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