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R.I. Seeks Limits on Medicaid Spending

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Facing a severe budget shortfall, Rhode Island officials are seeking unprecedented authority to rein in [Medicaid](#) spending in a move that has alarmed Democrats in Congress and advocates for the poor.

The plan outlined by Rhode Island officials could save the state millions of dollars, but critics say it would limit access to nursing homes, charge poor families more for medical care and potentially establish waiting lists or cut people from the program. They are now urging the Bush administration to reject the state's request for a waiver to cap its Medicaid spending at about a quarter of the state budget without regard to rising health-care costs or the number of families in poverty.

"The key issue is severing the relationship between financing and health-care needs," said Joan C. Alker, deputy executive director of [Georgetown University's Center for Children and Families](#). "It really is a risky and radical step that I don't think the state or the federal government should be taking."

When [Rhode Island Gov. Donald Carcieri \(R\)](#) submitted the request last month to the federal Centers for Medicare and Medicaid Services, he said the pressures of a "national economic downward spiral" had forced the state to confront skyrocketing health-care costs, "the single largest expenditure of the state's budget."

"The Medicaid waiver would allow the state to implement reforms to protect the long-term viability of the program as well as the individuals it services," Carcieri said at the time. A spokeswoman for the governor declined yesterday to comment further but said state officials are optimistic that the request will be approved quickly.

Jeff Nelligan, a spokesman for the Centers for Medicare and Medicaid Services, said only that the Bush administration was negotiating with the state "to reach agreement on an approvable proposal."

Medicaid is the nation's health-care program for the poor. The federal government sets minimum standards for whom states must cover and what benefits they must provide. States use their own money, plus matching funds from the federal government, to meet or exceed those standards. In most states, the cost of the program has risen rapidly with the overall cost of health care and the size of the covered population.

Rhode Island is seeking permission to change that equation. Under its proposal, federal spending would increase each year by a set amount -- 9.2 percent -- which reflects an expected 6.8 percent increase in annual health-care costs and 2.3 percent annual increase in enrollment, according to an analysis by the Washington-based Center on Budget and Policy Priorities.

The state contribution, meanwhile, would be capped at 23 percent of the state's general fund budget -- or about \$754 million next year.

By the state's own estimates, the combined total of state and federal expenditures would fall substantially short of projected needs, with the gap growing from \$231 million next year to nearly \$500 million in fiscal 2013. Rhode Island proposes to fill that gap by delivering health care more efficiently, primarily by reducing demand for such high-cost facilities as nursing homes and increasing the availability of in-home and community-based care for the elderly and the disabled.

But the proposal also seeks to charge poor families a premium for using the emergency room instead of visiting a primary-care doctor, to increase co-payments and premiums beyond the level set by federal law, and to restrict access to certain facilities and "optional" services, such as dental care, including by establishing waiting lists and "restricting services to certain geographical areas of the state."

After key Democrats in Congress expressed concern about the proposal, the Bush administration agreed to brief Senate Finance Committee Chairman [Max Baucus](#) (D-Mont.), [Sen. John D. Rockefeller IV \(D-W.Va.\)](#) and others, though no date has been set.

"Medicaid provides a federal guarantee of health benefits for those in need, and that guarantee cannot be negotiated away through secret pacts between the Bush Administration and Governors seeking to cut Medicaid," Rockefeller said in a statement.