

HEALTH CARE

Official: Medicaid growth is a boon

By Marion Davis
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CRANSTON – A senior federal official with longstanding ties to Rhode Island urged policymakers, business leaders and citizens on Friday to see the proposed expansion of Medicaid under health care reform as a potential boon for the state – not a burden to try to avoid.

The latter is the position that Gov. Donald L. Carcieri has taken, noting that especially under the Senate reform bill, Rhode Island would be forced to spend millions of dollars on new Medicaid enrollees, straining a budget that is already underwater.

But Cindy Mann, director of the Center for Medicaid and State Operations at the U.S. Department of Health and Human Services, said at a forum that for all the new costs to the state, there will also be huge, new cash infusions and beneficial policy changes.

So the net budget effect, Mann said, will be far less dramatic than critics contend – though so many key issues remain on the table that a precise calculation can't yet be made.

"There is no simple answer," she said, "to 'Will I spend more, or will I spend less?'"

Mann, who was a well-known health policy, welfare and finance researcher before taking her current post last June, was the keynote speaker at the annual "Budget Rhode Map" forum sponsored by The Poverty Institute at the Rhode Island College School of Social Work.

Virtually every seat was taken at the event, held at Rhodes-On-The-Pawtuxet, with a large health care-sector presence because of the particular focus on Medicaid's role in the state budget.

Prior to Mann's speech, Linda Katz, the Poverty Institute's co-founder and policy director, offered some facts and figures for context.

Medicaid, she noted, covers only narrowly defined populations, but in 2008 that still meant 21 percent of Rhode Islanders were enrolled at some point, including 149,297 children and families (about 15 percent were covered all year).

And although the federal government covers a large share of Medicaid costs – 53 percent under Rhode Island's standard rate, and 64 percent through December 2010 under the stimulus bill – the program does cost the state a lot, Katz acknowledged: \$1.9 billion in fiscal 2010, or 24 percent of the budget. But Medicaid also pays \$604 million in wages in the state, she added, and accounts for 21,000 health care jobs – 28 percent of the total.

Mann framed it differently: Medicaid is “the largest single source of federal money” coming into Rhode Island, 48.51 percent of the total, and the value it provides is huge.

“We spend money because covering people costs money,” she said, “and you get results.” Medicaid covers people “in generally much less costly ways” than the private sector, she added, and no one argues that it’s wasteful, because it’s known to be “very lean.”

Under the proposed health care reforms, Medicaid would play a key role in covering the currently uninsured – for a total of about 50 million people by 2019 under either plan. For Rhode Island, which already has much-higher income limits than the federal minimums, the only major new eligible population would be childless adults. But the biggest concern among local officials is actually the cost of covering the roughly 40,000 people who are currently eligible but not enrolled.

While the reform bills are generous in paying for new populations, the already-eligible groups don’t get the enhanced federal rates – but states are both barred from reducing eligibility, and required to actually enroll the eligible.

The latter may be fiscally challenging for states, Mann acknowledged, but that’s what universal coverage means, and all players in the system are going to be held accountable: Individuals must get coverage, employers must provide it, and government must do its part.

“Reform is predicated on the principle that all who are eligible will be covered,” she said. “That will be the law of the land.”

But officials aren’t stopping at a coverage expansion, Mann stressed.

They also want to make the system better – and while some states, including Rhode Island, are ahead of the curve in terms of coordinating care, introducing electronic medical records, and focusing on quality in Medicaid, the goal with reform is to do much more, nationwide.

Mann predicted significant increases in data collection and analysis; more efforts to streamline programs so they’re more cost-efficient and provide more stable coverage to beneficiaries; investments in technology; and payment and delivery-system reforms, in part to deal with an expected shortage of providers to serve the newly insured.

Long-term care – the centerpiece of Rhode Island’s own Medicaid reform efforts – is not getting as much attention in the national debate, Mann said, but it will have to in the long run, lest it be neglected in the flurry of reforms. It’s going to be a time of enormous change, Mann said, and a great deal of good could come from it. For starters, Medicaid is likely to become more focused and uniform, she said, with less energy spent on eligibility rules and more on “value and quality.”

“There are lots of opportunities to innovate,” she said. “This is not a done deal, this health care legislation. There are demonstrations in there, lots of room for creativity and state flexibility. We need to figure out what works and what doesn’t, more than ever before. ... You certainly have a very willing federal partner to think with you about new ideas and innovations, and it’s certainly an opportunity to collaborate.”

A PowerPoint summary of Cindy Mann's presentation, along with other materials from the event, will be posted on the [Poverty](#)