THE POLICY PAGE
An Update on State and Federal Action

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GOVERNOR'S MEDICAID REFORM WORKGROUP REQUESTS SUGGESTIONS BY JANUARY 16

Summary: Governor Perry has convened a workgroup of hospital administrators and others to review proposals for reducing Medicaid and CHIP spending for the 2005 Legislature. Recommendations are due by January 16.

BACKGROUND

In November 2003, Gov. Rick Perry appointed a 17-member Medicaid Reform Workgroup. The group's composition is predominantly hospital representatives (11 representatives), with three physicians also included. Pharmacies, nurses, health plans, and consumers (CPPP staff is serving in this role) each have one invited representative. The group has been asked to review Medicaid program design, utilization, and reimbursement methodologies, and to outline possible cost containment and reform recommendations. Policy recommendations are being solicited from the public, and will be reviewed by the workgroup.

The Governor's Office has hosted two meetings of the Medicaid Reform Workgroup, on November 6 and December 18. Governor's staff have indicated that their goal is to identify policy initiatives for the 2005 Legislative session, plus suggestions for changes in federal law and policy. Staff have stated that changes to CHIP will also be considered as part of this workgroup. The workgroup will be taking suggestions to increase the efficiency of and create cost savings in the Medicaid program. **One-page policy proposals** are requested, and a form is provided for those submissions. One policy proposal per page is requested, though multiple recommendations on separate forms may be submitted by an individual or group, and anonymous proposals will also be considered. According to the Governor's staff, "all recommendations should assume that additional state General Revenue funds are not currently available for reform efforts." **The deadline for submitting proposals is January 16, 2004.**

The form to be used for submitting suggestions, an example proposal form, the workgroup membership list, and a memo from the Governor's office are available at this link: http://www.cppp.org/policy/healthpolicy/mc-reform.html

Completed forms may be sent to:

Office of the Governor, Attn: Victoria Ford; P.O. Box 12428, Austin, Texas 78711-2428, or emailed to vford@governor.state.tx.us

Beginning in February, the workgroup will begin going through the proposals and discussing them, and a process for additional input into the workgroup from stakeholders will be developed and announced; this will depend in part on the volume of suggestions received.

Please share this information with any interested persons or organizations who may wish to provide proposals and submit your proposals to the Governor's Office, Attention: Victoria Ford, Medicaid Reform Workgroup.

SUGGESTIONS FOR SUBMISSIONS TO THE GOVERNOR'S WORKGROUP

All advocates for Texans who use Medicaid or CHIP are encouraged to use the simple form to promote reforms that you support, including policy initiatives that may have been discussed but not implemented in recent years. For example:

- A number of cuts to Medicaid made by the 78th legislature may increase costs to the health care system (and even the Medicaid program) over the near and long term. Examples include the elimination of critical mental health,

podiatry, eyeglasses, and hearing aid benefits for all of the mostly aged and disabled adults on Medicaid (likely to increase hospitalizations and disability, see Policy Page # 199), and the reduced Medicaid coverage of prenatal care and delivery, which may lead to poor birth outcomes for infants who will then be covered by Texas Medicaid.

- The 2002 report, "Out of the E.R." examined pediatric E.R. use in Texas and concluded that making well-advertised nurse triage lines available to all Medicaid and CHIP enrollees could greatly reduce E.R. use by anxious parents. The study also recommended the creation of educational modules for parents focused on how to respond to illness, fever, vomiting etc. in infants and small children. Also recommended was analysis of actual access to prompt sick care, both during the day and after hours, and making changes to ensure that real alternatives to the E.R. are available when a child needs to be seen.

- A number of federal Medicaid "waivers" have been proposed, but not implemented in Texas recently which would reduce Medicaid spending. These have included:

    - **A Demonstration Project for Women's Health Services:** would establish a 5-year statewide project to provide preventive health screening and family planning to low-income uninsured women who do not qualify for Medicaid. Language requiring the promotion of abstinence is included, and access to the project is limited to women age 18 or older. Many states have similar family planning waivers, and federal approval could be easily gained.

    - **A Demonstration Project for Psychiatric Medications and Related Services:** would create a limited-enrollment program to provide psychiatric medications (and the services needed to safely use those medications) to low-income Texans with major psychiatric diagnoses (e.g., schizophrenia, bi-polar disorder) who do not qualify for Medicaid and lack coverage for those medications. The project would evaluate the impact that medication access had on reducing disability and hospitalization among participants.

    - **A Demonstration Project for Persons with HIV:** would create a limited-enrollment program in 2 counties to provide a targeted array of services to low-income persons with HIV who do not qualify for Medicaid and lack adequate private insurance coverage. The counties selected would provide the state's share of Medicaid matching funds for the project.

- **Innovative ideas for delivery of Community Care services to person with disabilities and frail elderly.** A number of innovative programs involving consumer-directed care are being tested in Texas and other states. It will be important for advocates and consumers to weigh in on what works, **as well as what needs to be avoided**, about these models.

- **Advocates and Consumers may wish to also comment on the need to ensure <u>real</u> cost savings.** Real cost savings reduce the total cost of care over time, as contrasted with policies that simply reduce access to medically needed care and drugs (which may increase costs in the near and/or long term), or policies that simply shift costs from one payor (i.e., the state and federal government for Medicaid) to another (e.g., local taxpayers will pick up the tab for uninsured women whose pregnancies are no longer covered by Medicaid due to cuts). **Advocates should submit recommendations which identify false savings assumptions, and suggest alternatives that could really reduce costs for all payers, not just the state budget.**
