

# The National Medicaid Congress

Texas State Senator Leticia Van de Putte, R. Ph.  
An Overview of State Medicaid Policy –  
The Legislator's Perspective  
June 5, 2006

If you have questions or comments please email me at  
[leticia.vandeputte@senate.state.tx.us](mailto:leticia.vandeputte@senate.state.tx.us)

# Overview

- What is Medicaid?
- Is there a need for Medicaid reform?
- Is there a movement toward Universal Health Coverage?

# What is Medicaid?

- Medicaid has always been known as a safety net for the poorest of the poor.
- Medicaid was established so charity care and public hospitals would not go bankrupt.
- Today, due to the expansions in healthcare Medicaid has become a tool to insure the uninsured.
- Medicaid is rapidly surpassing as the number one spending category for state budgets.

# Medicaid Facts

- According to the Congressional Budget Office, as of August 2002, "Medicaid spending is expected to rise by \$18 billion, or 14 percent this year."
- That rapid increase may be attributable to rising costs for prescription drugs and greater enrollment in Medicaid because of the sluggish economy, the expansion of eligibility requirements in some states, and increased outreach efforts by states to recruit participants.
- In the past five years, Medicaid enrollment grew when more people became eligible for the program because of the economic downturn and the reduction in employer sponsored insurance.

# Healthcare Facts

- Today, states are the largest purchasers of healthcare.
- Medicaid beneficiaries are only one segment of the healthcare population.
- Other segments of the population to consider are: state employees, teachers, public university employees, and the prison population.
- Let's not forget that several of these segments are made up of both active and retired employees.

# What do states really want

- States want continued flexibility, measures of quality, and best evidence.
- There is often a constant tug within eligibility classifications of Medicaid.
- Long-term care advocates are often at odds with folks who advocate for women and children's issues.
- Then there is also a tug between the providers of institutionalized care and the community based care providers.
- States are continuing to debate many issues, which in turn provides for the most heated and passionate debates because of the unmet needs and the cost of healthcare.

# Why states like the Deficit Reduction Act of 2005 (DRA)

- States like the DRA because of the increased flexibility and because states can tailor coverage to fit the needs of each individual state.
- States want the flexibility and consistency in knowing from one-year to the next whether or not they have to be creative in plugging holes created by the federal government.
- If this is indeed a partnership we should not have a directed and forced dialogue with our federal compadres before anticipated changes are made.
- It is not a safety net anymore, CHIP and Medicaid are an expansion of healthcare coverage as states tackle trying to reduce the number of uninsured with limited resources.

# States who have utilized the DRA for Medicaid Reform

## ■ Kentucky

- Medicaid enrollees in Kentucky will be first in the nation to have benefits customized to meet their needs based on age and health status.
- Prior to enactment of the DRA, states generally could not target benefits to groups of enrollees.
- Under the Kentucky plan, the state will offer differing benefit packages aimed at meeting the health care needs of different groups -- children, the elderly and people with disabilities who need institutional care, and the general Medicaid population.



# Kentucky's Medicaid Reform

- The Kentucky plan also reduces enrollee cost sharing from the current Medicaid program for the Comprehensive Choices and Optimum Choices benefit plans as follows:
  - Medicaid enrollees will be required to pay a \$10 co-pay per hospital inpatient admission.
  - Co-payments will not be required for physician services, vision services, dental services, chiropractic services and hearing and audiometric services.

# States who have utilized the DRA for Medicaid Reform

- West Virginia
  - W.Va. will offer enrollees a choice of two benefit packages, a basic plan based on the current Medicaid service package and an enhanced package that includes benefits not traditionally offered under Medicaid.
  - According to HHS Secretary Mike Leavitt, the intent of the plan is to encourage Medicaid beneficiaries to adopt healthy behaviors by entering into a partnership with the state.
  - To enroll in the new advanced benefit package, enrollees will be asked to sign a member agreement with the state that they will comply with all recommended medical treatment and wellness behaviors.
  - Enrollees who chose not to join the enhanced plan or who decide they do not wish to continue in it will receive the standard Medicaid benefit package.

# **Medicaid reform is a good step, but pursuing universal coverage is better**

- As of the 2004 Census Bureau count, there are nearly 46 million Americans without health insurance.
- Bold legislation is necessary to address the unmet healthcare needs in this county.
- Maine and Massachusetts are moving toward universal health care.