



January, 2006

Medicaid Reform Commission Recommendations Could Do More Harm than Good

The Medicaid Reform Commission’s recommendations violate a primary tenet of medical practice: “First Do No Harm.” Rather than providing substantive measures to improve access to affordable health care for Missourians, the recommendations have the potential to do more harm than good.

In 2005, the Missouri General Assembly balanced the budget by eliminating programs and reducing Medicaid eligibility to the lowest level in any state. An estimated 90,000 individuals lost their health insurance, mostly working adults. The Medicaid Reform Commission, comprised of 10 Missouri legislators, was charged with “reforming, redesigning and restructuring Medicaid... for the 21st century.”

The recommendations report begins by stating that **eligibility, availability and delivery** of service are the three components that Medicaid reform needs to address. Yet, the recommendations do little to substantially address these critical areas. Rather, they are based on misconceptions about Medicaid, including:

- Frequent reference to patients who make bad lifestyle choices and use services irresponsibly. Research shows that those insured by Medicaid do not utilize services substantially differently than those with private insurance.
- Medicaid is described as a “broken” system, yet evidence does not support this. Medicaid’s purpose is to provide insurance for low income individuals who do not have access to private insurance. Prior to the Medicaid cuts, Missouri’s uninsured rates were lower than many states’ because Medicaid was fulfilling its purpose. Research shows that Medicaid’s administrative costs are lower than those in private insurance. While Medicaid can certainly be improved, it has done a reasonably good job of providing health care, and has contributed substantially to the state and local economy.
- Medicaid has been characterized as being filled with fraud and abuse. Where fraud exists in Medicaid, it is overwhelmingly perpetrated by providers of services to Medicaid, not individuals who are covered by the program.. Recent reports in the Kansas City Star estimate provider fraud at over \$580 million. The recommendations do not substantially address this, even though the new Federal budget has provisions that give the states incentives to pass a state version of the Federal False claims Act.

Following is an assessment of the recommendations:

Eligibility : The recommendations do very little to restore coverage for individuals whose health insurance was cut last year.

- There are no recommendations to restore health coverage to the majority of those affected by recent Medicaid cuts. Nearly 250,000 Missourians have completely lost their coverage during the past four years. The recommendations propose a Disabled Employees Health Assistance Program that will serve a small number (approximately 1000) of the individuals with disabilities who lost insurance.
- The report makes no commitment to increasing the number of Missourians who have health insurance. Over 700,000 Missourians are uninsured. The recommendations propose “exploring” ways to increase employer- sponsored insurance, but make no firm proposals.
- Working parents and the individuals with a disability who lost Medicaid insurance in recent years are still unlikely to obtain coverage. Nine out of ten who were cut in 2005 were working. Nationally, and in Missouri, 8 out of 10 uninsured are working. Most make too much to qualify for Medicaid, and either work part time or have jobs that don’t offer health care benefits.
- The recommendations include higher co-pays to increase patient compliance. A wealth of research shows that increased cost sharing is a barrier to accessing health care.

Availability or Access: Increasing physicians’ participation in Medicaid does nothing to help those who are no longer insured through the program.

- The only improvements in access to care will be through increasing physician reimbursement rates and expanding managed care. Providing an incentive for more physicians to participate in Medicaid will not help the uninsured.
- “Pay for performance” measures are recommended. The impact of this is uncertain. It could be either an incentive or a barrier to participation in Medicaid. Some providers are concerned about what the standards for quality service would be, who sets the standards, and the potential administrative burden of participation.
- Most optional services will continue to be held hostage to appropriations decisions. Many of these “optional” services are critical, and individuals must sometimes go into nursing homes to receive the services they need (such as rehabilitation). Inaccessibility to rehab services and durable medical equipment is a barrier to allowing individuals to live in the least restrictive setting.

Delivery: Increasing managed care, improving technology and rationing health care do not guarantee cost savings or improved care for those insured by Medicaid.

- Electronic medical records, e-prescriptions and other technological advances are proposed. While desirable, they are expensive. The state proposes incentives for providers to implement these, but has not included a way to pay for them

- Managed care is proposed for those who have a disability, a serious mental illness or are elderly. Multiple medical needs and fragile health may make the proposal dangerous for some individuals. There must be guarantees that this service delivery mechanism will not interfere with the provision of needed health care services to these vulnerable populations. Cost estimates to expand managed care to these populations have not been completed. Managed care for these populations is largely untested, and if undertaken, should be done in a very limited pilot project.
- Some of the managed care proposals call for tiered benefits. This amounts to rationing health care, and would be extremely difficult to administer. For example, a “healthy” adult who breaks a leg would have to be specially approved for therapy and a wheelchair, or would have to pay out of pocket for these services. This may not be legal according to current Medicaid law

The Missouri Medicaid Reform Commission’s recommendations are posted on the State website at <http://www.senate.mo.gov/medicaidreform>

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