



Focus



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Medicaid Budget Unresolved

In West Virginia, the Medicaid program has significant fiscal and social implications in terms of the population's health and the viability of the healthcare system in general. Key policymakers, including the Legislature, Governor Manchin and his Administration have consistently recognized this simple fact. After all, Medicaid is the largest public health insurance program in the state for low-income individuals: the elderly, chronically ill, disabled and children. Medicaid serves as a safety net for about 350,000 West Virginians, and for many unemployed individuals it is their only source of healthcare coverage.

A clear recognition of the importance of the Medicaid program was further realized at the conclusion of the 2005 legislative session when the Legislature and Governor approved a fiscal year 2006 state budget with \$70 million in general revenue monies directed to the Medicaid program. However, Medicaid demands on the state's general revenue are increasing because of the following factors:

- Natural growth and inflation;
- Recent federal policy activity by way of the federal match (formerly about three federal dollars to every state dollar, but in October lowered by two percent); and
- Increases in beneficiaries (more people are becoming eligible due to economics in West Virginia and nationwide).

As a result, the Medicaid program still faces a \$30 million shortfall for the fiscal year 2006 budget – which begins July 1, 2005. This \$30 million would have been matched approximately three-to-one by the federal government, bringing into the state \$90 million in Medicaid dollars. Rather than redistribute funds from other areas of the budget, the state Department of Health and Human Resources has proposed a variety of Medicaid reductions of approximately \$115 million for FY 2006 to make up for the shortfall.

The proposed reductions will impact programs and services offered by Medicaid, the financial viability of providers like hospitals, doctors and nursing homes, and shift costs to West Virginia businesses. The frequency of media attention about this issue illustrates the continued concern that healthcare, business and labor organizations alike have about the effects that these Medicaid cuts might have on the state. The lack of funds has the potential to reduce access to healthcare and increase the numbers of uninsured, and the cost shift to the private sector is likely to cause many small businesses to reconsider their efforts to expand.



Since April 16, the West Virginia Hospital Association (WVHA) has been working closely with other provider groups and has formed the *CARE Coalition: West Virginia Cares About Medicaid*. The *Coalition* is a platform from which to mount a strong and well-focused campaign calling for the restoration of monies back into the Medicaid program. The WVHA has met twice with the governor's staff to express its disappointment over the Medicaid budget shortfall, as well as with West Virginia Department of Health and Human Resources Secretary Martha Walker. The *CARE Coalition* includes representatives from the full range of provider organizations, and continues to expand to include business, community and labor groups. The *Coalition* is currently preparing a comprehensive public relations advocacy campaign that will include a media strategy, prepared op-ed material, hospital contacts with local legislators, meetings with local newspaper editorial boards, and organized campaigns involving local chambers of commerce and labor representatives.

Cutting Medicaid Just Doesn't Make Sense **Steven J. Summer** **President, West Virginia Hospital Association**



The 2005 West Virginia Legislature has passed a budget without the necessary funding needed to support the state's current Medicaid program. As politically popular as cutting the budget may sound, it truly is *penny wise and pound foolish* to cut the Medicaid budget in West Virginia. Moreover, the cut merely shifts the cost of care to private employers and ultimately creates more uninsured

people. Medicaid is the largest public health insurance program for low income individuals, the elderly, chronically ill, disabled and children; for many unemployed individuals, it is their only source of healthcare coverage.

Medicaid is jointly funded by the state and federal government. The federal government reimburses the state approximately three dollars for every state dollar spent on the Medicaid program. State policymakers have consistently recognized the value of this match, called Federal Matching Assistance Percentage (FMAP), because it allows state Medicaid expenditures to draw federal matching dollars into the state. Taking \$30 million of state dollars out of the budget means West Virginia has lost over \$90 million in federal funds.

Because of a recent federal policy change, effective October 1, 2005, the federal match for the Medicaid program will drop two percent (from 74.65 percent to 72.99 percent). This drop will cause a projected \$30 million shortfall, or over \$120 million in program cuts when the federal match is included, in the Medicaid program. A drop in expenditures of this magnitude requires careful consideration of its impact on the populations at risk and their access to services. There also needs to be an assessment of the unintended impact on others such as the uninsured and the private sector that will be left to pick up the costs not assumed by the Medicaid program — collateral damage, if you will. Another complicating factor is that the state has been unable to successfully implement its new Medicaid computer system (started in 2004) and consequently, cannot accurately project Medicaid expenditures for the current fiscal year. Taken together, these two issues create an untenable situation.

Reducing eligibility or payments to providers does not eliminate the need for medical care or reduce the need for those with chronic illnesses to seek medical intervention. In fact, reductions could have unintended consequences and force people to delay care until their condition deteriorates, which requires more costly emergency attention.

Cuts in the Medicaid program will add significantly to the shifting of costs to the private sector, impacting business' ability to compete and the ability to attract new jobs to the state. Again, the state's lagging economy directly effects the high Medicaid enrollment and number of uninsured. It is therefore critical to adequately fund Medicaid so that costs of the health-

care system are not shifted to private employers.

Shifting the cost to the private sector increases the ranks of the uninsured at the very time that the legislature and the governor continue to take positive steps toward reducing the number of uninsured in the state. The benefits that will accrue from programs, such as the one that allows small businesses to access PEIA and similar efforts to help those with high-risk conditions get healthcare coverage, will likely be eliminated by those pushed out of commercial coverage when the cost shift becomes a reality.

The question for the governor and state policymakers is why under fund the Medicaid program when there are adequate funds available to replace the gap created by the reduction in the federal match. A more reasonable and less disruptive approach would be to work toward next year's budget and develop a thoughtful plan for which there is adequate time available to make whatever changes are proposed. Unfortunately, by deciding to under fund the Medicaid budget now — for the fiscal year that begins in about 60 days — we must approach this in a crisis mode — which is not going to give sufficient time to work with providers or beneficiaries, let alone get the requisite federal approval necessary to implement any program changes.

West Virginia should follow the lead of other states in developing initiatives to improve quality and prepare the healthcare system to meet the future demands of our increasingly aged population. The federal government is encouraging states to be innovators for change — we should take advantage of the opportunity to partner with the federal government and to maximize available funding provided by federal matching funds. The future is at our doorstep.

The West Virginia Hospital Association and other members of the Medicaid Alliance, including the healthcare community, business and labor groups, seek long-term solutions to the immediate healthcare budget concerns. We want to work with solons and the executive branch of state government to craft well thought out policy decisions that recognize and are sensitive to those most in need of health services.

— *This is an excerpt of an editorial that first appeared in the Charleston Sunday-Gazette May 1, 2005.*

National Hospital Week 2005 ***A Calling to Care***

In the early 1900s, many people were suspicious and skeptical about hospitals. Friends and families put into hospitals were often isolated from their loved ones, probably to prevent the spread of contagious diseases. Sometimes people placed into a hospital died within its walls. For this reason, many distrusted hospitals and medical personnel.

In 1921, an astute magazine editor suggested a *National Hospital Week* celebration to alleviate the public's fears of these strange, shrouded institutions. *National Hospital Week* became official when Calvin Coolidge issued an (Cont. on Page 3)

(Cont. from Page 2) official presidential proclamation in 1928. Since that time, the American Hospital Association (AHA) and its affiliated state hospital associations have carried on the tradition of recognizing hospitals and their employees for one special week each year. *National Hospital Week* has since become the nation's largest annual healthcare event, recognizing the work of hospitals and promoting greater awareness in the community through public tours, activities and educational programs. Hospitals everywhere will celebrate the *Week* many different ways, taking special care to show appreciation for the dedication of their employees.

This year's *National Hospital Week* is celebrated across America May 8-14, sponsored nationally by the AHA and recognized locally by the West Virginia Hospital Association (WVHA). During the *Week*, West Virginia's 72 hospitals and health systems will commemorate the importance of their workforce and celebrate commitment to their communities. *National Hospital Week* organizers have put the focus on the faces of healthcare this year, selecting the people-centered slogan *A Calling to Care*.

"Helping others is a calling," said Steven Summer, President and CEO of the WVHA. "The more than 36,000 compassionate caregivers working in hospitals statewide answer that call and they are making a difference in communities all across the state. Healthcare provides a unique opportunity to bring help and hope to those in need, especially the poor, disabled and children who rely on the state's Medicaid program for their healthcare needs.

"This year *National Hospital Week*," continued Summer, "comes at a time when the state has decided to move forward with a fiscal year 2006 budget that funds Medicaid at a level less than required to maintain the same level of services currently being provided by the program. As a result of approximately \$30 million in under funding, the state Department of Health and Human Resources (DHHR) is considering cuts to programs and services offered by Medicaid that will cause lasting damage not only to hospitals, but also to patient care, local communities and the state's economy and would have serious repercussions — directly and indirectly — for all West Virginians."

Summer added that as a result of potential cuts, working but poor West Virginians who rely on Medicaid for their health insurance will have reduced access to healthcare; local and state economies will suffer; and all West Virginians will feel the impact of higher health insurance premiums and reduced access to healthcare. Moreover, cuts merely shift the cost of care to private employers and ultimately create more uninsured people.

"Healthcare in West Virginia," Summer said, "is evolving and our hospitals are committed to being part of the progress to keep West Virginia *Open for Business*."



West Virginia Celebrates Hospital Week

All across West Virginia, hospitals will be celebrating hospital week and recognizing the hard work and dedication of their employees. Following are just a few of the planned activities:

- * Williamson Memorial Hospital employees will be given gifts — tote bags, note pads and pens — and will enjoy a free breakfast and lunch cookout, both served to them by hospital administration and managers. There will also be a community health fair and hospital tours for local schools.
- * A health fair will be sponsored by Wheeling Hospital, with cholesterol, blood pressure, and weight screenings, as well as chair massages for the neck and shoulders. Also featured are employee appreciation day and a mocktail party.
- * Thomas Memorial Hospital in South Charleston will hold its 13th Annual Children's Health and Safety Fair featuring children's vision, dental health, speech, lead poisoning and orthopedic screenings, car seat safety checks, and a bookmobile. The hospital will also hold a reunion picnic and an annual service awards program.
- * Colors will rule the week at Logan Regional Medical Center and Wednesday is green day with free breakfast, lunch and dinner. Friday is red day and features a cookout for all employees.
- * City Hospital in Martinsburg will have a *Work Close To Home* health professional recruitment job fair and a *Ginny Jones Memorial Nursing Award* ceremony for Nurse of the Year.
- * Preston Memorial Hospital in Kingwood will sponsor a health fair that has previously attracted as many as 800 people. The hospital also displays educational materials around the facility, such as flyers and posters.
- * Webster County Memorial Hospital will host a *Brown Bag Seminar* on consumer satisfaction and patient communication and Decontamination Olympics to practice their skills in a more *fun* and competitive setting.

National Nurses Week Celebrated

The work of America's 2.7 million registered nurses to save lives and to maintain the health of millions of individuals is the focus of this year's *National Nurses Week* (NNW), to be celebrated May 6-12. May 12 is the birthday of Florence Nightingale, founder of nursing as a modern profession. *Nurses: Many Roles, One Profession* is the theme for 2005. During NNW, community health screenings, childhood immunization efforts, hospital events, and more will be held to honor nurses throughout all 50 states. To learn more about activities being held, including those in West Virginia, contact community hospitals.

This year the American Nurses Association (ANA) has made its *Handle with Care* campaign a key focus. On May 13 there will be a Capitol Hill briefing with the Robert Wood Johnson Foundation designed to draw legislators' attention to the growing problem of back injuries and musculoskeletal disorders among nurses and how these injuries can be prevented.

Patient advocacy will also be stressed, particularly with regard to healthcare access, and this year NNW overlaps with *Cover the Uninsured Week*. *Cover the Uninsured Week* features events from coast to coast designed to spotlight the fact that 45 million Americans do not have health coverage, over eight million of which are children. All nurses are encouraged to observe and participate in the *Week* as they see firsthand the consequences that stem from a lack of health insurance coverage: sicker patients who have postponed needed healthcare.

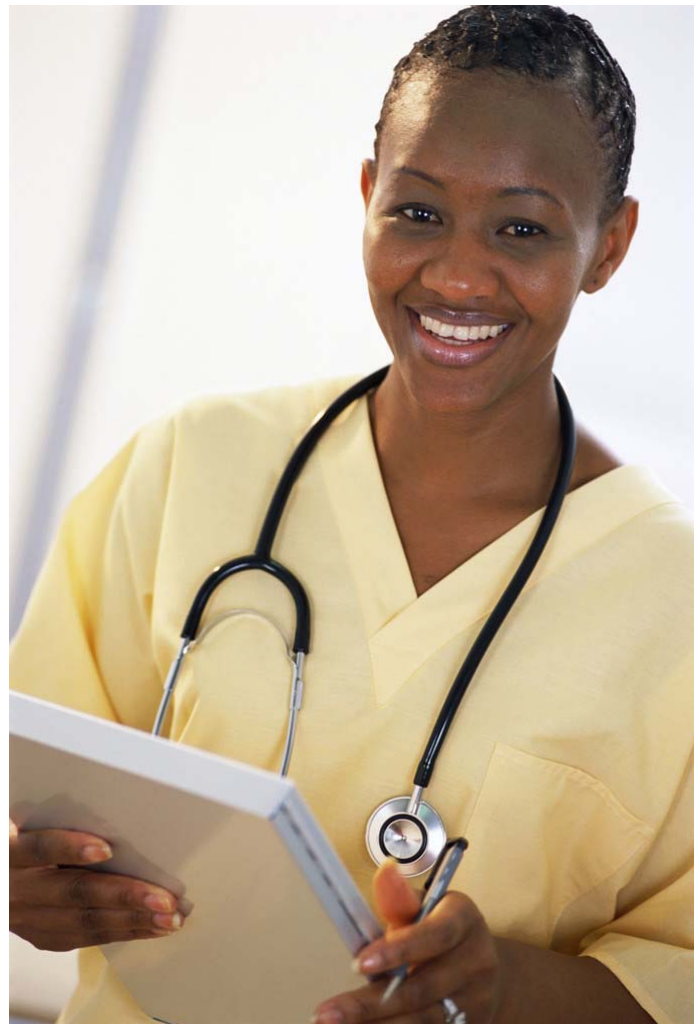
According to ANA President Barbara Blackened, the nursing shortage is one of the profession's biggest challenges. A report from the U.S. Department of Health and Human Services shows that the United States currently has a shortage of nearly 150,000 RNs and will be in need of more than 800,000 RNs by the year 2020. But what many people don't know is that without adequate funding for nursing education, nursing schools will not be able to handle the influx of applicants. Therefore, the ANA has made achieving adequate nurse education funding a top priority during NNW.

West Virginia's Nursing Shortage

In West Virginia, nurses have become more important than ever as the healthcare community prepares for a future nursing shortage. In 2001, a West Virginia Hospital Association (WVHA) survey showed an alarming trend toward increasing healthcare workforce shortages within the state. Nurses, for example, had a median vacancy rate of 18 percent.

Recognizing that such shortages cut to the core of patient care, which is the main mission of all hospitals, and understanding the intrinsic impact healthcare has upon West Virginia's economy, the WVHA and other groups, including the Region 1 Workforce Investment Board (WIB) implemented a nursing pilot program in southeastern West Virginia.

A report just released by the Region 1 WIB points to the pilot program's success. While the shortage has not been completely solved in southern West Virginia, the area's nursing pool has grown substantially. In 2003, 139 nursing students graduated. An



additional 176 graduates completed nursing programs throughout the region in 2004. By 2008, 648 of the currently enrolled students are expected to have a nursing degree.

Region 1 WIB's creative efforts will serve as a model for other areas of the state as West Virginia continues to experience a tightening labor pool for nurses. According to the Nursing Shortage Commission, by 2008 there will be an employed RN shortfall of 14 percent. Based on this shortfall, West Virginia will have to attract, retain or educate an annual average of 318 new RNs for the next eight years over and above the currently predicted levels of new RNs who will enter the state's workforce.

West Virginia's attention toward the healthcare workforce shortage requires near- and long-term strategies. The WVHA continues to partner with public and private entities to support programs that will positively impact the healthcare delivery system in West Virginia and to provide economic opportunities within the important professional field of healthcare. Advocacy on behalf of The Center for Nursing, authorized by the 2004 West Virginia Legislature, is just one example of the WVHA's continuing efforts. The WVHA also supports initiatives that enhance the state's nursing education programs, including ensuring adequate funding for nursing faculty.