



Focus



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September Session Concludes: \$15 Million Appropriated for Medicaid



Following months of strong advocacy from the West Virginia Hospital Association (WVHA), in coordination with the CARE Coalition, legislators concluded the September Special Session this month with an appropriated \$15 million for the Medicaid program.

Governor Manchin's responsiveness and recognition of the importance of funding Medicaid resulted in the introduction of legislation providing \$12 million in Medicaid relief. Some of the WVHA's strongest legislative allies responded by increasing that amount to \$15 million. Policymakers were also receptive to WVHA efforts to secure funding for two existing line items in the state budget for tertiary/teaching hospitals and small rural hospitals with under 150 beds. This additional funding was necessary to offset an inadvertent

reduction in the Public Employees Insurance Agency Transfer Program outlined in the final FY 2006 state budget (passed during the 2005 regular legislative session), as well as to offset funding drops due to recent reductions by the Bush Administration in the Federal Medical Assistance Percentage. The \$15 million supplemental appropriation is critically important to help avoid short-term cuts in Medicaid programs and payments, which will ultimately reduce access to important healthcare services and cause cost shifts to the private sector.

The crucial importance of maintaining the integrity of Medicaid cannot be overstressed. It is the nation's largest public health insurance program for low-income individuals, the elderly, the chronically ill, the disabled and children. The program currently covers 350,000 - roughly one out of six - low-income West Virginians.

"Without Governor Manchin's understanding of and appreciation for the consequences of an under funded Medicaid budget, we would not have been successful in our efforts to achieve partial restoration," said WVHA President and CEO Steven Summer. "Moreover, without his leadership and commitment to reducing the shortfall, West Virginians would have experienced even more impediments to accessing the healthcare system."

Summer now hopes the governor will work to build on the important role that Medicaid serves in making health insurance available to our most vulnerable citizens who, without this coverage, will likely be otherwise uninsured.

"Healthcare services provided to the uninsured is what contributes to the growing burden of uncompensated care, which last year was over \$425 million in hospital services - a cost that is shifted to the private sector," Summer wrote to the Governor in a letter of thanks for his efforts during the Special Session. "West Virginia cannot continue to cut payments to providers as a way to achieve a balanced Medicaid budget. We applaud your commitment to restructuring the Medicaid program and to apply for federal waivers for demonstrating a new way to ensure coverage. That course of action is both wise and long-term, whereas budget cuts alone - without fundamental program changes - are contrary to your vision for a better West Virginia."

Waiver Lets WV Help Hurricane Victims



An evacuee speaks with Gov. Joe Manchin about what he encountered during Hurricane Katrina. West Virginia is hosting hundreds of displaced individuals. Photograph from the Governor's Office.

A waiver program released by the federal Centers for Medicare and Medicaid Services (CMS) will allow West Virginia to help Hurricane Katrina and Rita evacuees access the state's Medicaid program and Children's Health Insurance Program without traditional forms of identification or ensuing co-pays. About 80 percent of hurricane survivors sheltering in West Virginia are on Medicaid. According to John Law of the West Virginia Department of Health and Human Resources, West Virginia plans to apply for the waiver.

Section 1115 waivers give states federal approval to alter the way they provide coverage and/or deliver services to the low-income population outside of the federal standards and options and still receive federal matching funds. That is, they allow states to use federal Medicaid funds in ways not otherwise allowed under federal law. States have used waivers to test and try a variety of changes affecting program coverage and costs throughout the 40-year history of the Medicaid program.

Hurricane Katrina and Medicaid Cuts

The desperate and immediate need of hundreds of thousands of people displaced by Hurricane Katrina for health and mental health services created a dilemma for Congress, which has under consideration a \$10 billion cut from the Medicaid program.

In response, Congress has postponed its budget reconciliation efforts until mid-October, and a bipartisan group of senators, led by chairman and ranking member of the Senate Finance Committee, Charles Grassley (R-IA) and Max Baucus (D-MT), respectively, has introduced emergency healthcare relief legislation.

The *Grassley-Baucus Emergency Health Care Relief Act* uses Medicaid to meet the needs of Katrina survivors. The package would provide immediate Medicaid healthcare relief to Katrina victims with incomes up to 100 percent of the federal poverty level and up to 200 percent for children and pregnant women. It includes options for comprehensive mental health services, including home- and community-based services, and would cover 100 percent of the cost with federal dollars in the states affected by Hurricane Katrina (Louisiana, Mississippi and counties under disaster designation in Alabama). The coverage would last for five months, with an option to extend it for another five months. Importantly, the bill would also suspend further deliberation on the controversial reductions in federal Medicaid funding for 2006.

Senator John D. (Jay) Rockefeller IV (D-WV), Chairman of the Senate Democratic Working Group on Medicaid, commented on the Health Care Relief Act. "This package builds on some of the initial steps that have already been taken to ease the suffering of Hurricane Katrina survivors," the Senator said. "We faced a real risk that the needs of the Katrina victims would get bogged down in partisan politics. I commend senators Grassley and Baucus for developing a package that recognizes the unique healthcare needs of displaced Americans. Majority Leader Frist should make this a top priority and bring it to a full vote immediately. The next big test will be with the House conservatives. I sincerely hope that they will put aside their differences of ideology and do what's best for Katrina victims."

Almost Heaven, Almost Home: WVHA's Adopt a Family Drive

From hell to heaven is how one Hurricane Katrina survivor described his move from ravaged New Orleans to the rural tranquility of Preston County in Northern West Virginia. The cool, green, pine-dotted place called Camp Dawson is indeed almost heaven and almost home to refugees bussed to the rural military barracks. The place stands in sharp contrast to the nightmare he and other Hurricane Katrina victims faced at the Superdome and Convention and Visitors Bureau in New Orleans. Camp Dawson offers plenty of water, food, clean clothing, a church, a small theatre, sanitary conditions and a swimming pool. A primary care center was also put into place, staffed with healthcare workers from surrounding counties.

Nearly 300 originally came to Camp Dawson. There are now about 180. Governor Manchin has promised shelter for more victims left homeless that will perhaps follow the further destruction left by Hurricane Rita, which came on the heels of Katrina. No one knows how long the guests will remain, but some have already embraced the Mountaineer spirit by expressing an interest in relocation to West Virginia. For those families who do want to make a fresh start in the Mountain State, but lack the resources to do so, the West Virginia Hospital Association's (WVHA) Healthcare Education Foundation (HEF) is sponsoring an *Adopt a Family* drive. With help from other charitable organizations, funds will be raised to cover related moving costs, acquire housing and employment, and enroll children in West Virginia schools. To donate, go to www.almostheavenalmosthome.org.

What is Medicaid?

Medicaid is the nation's public health insurance program for low-income people. Medicaid was initially created to provide medical assistance to individuals and families receiving cash welfare. Today, Medicaid is no longer a welfare program; rather, it is a health and long-term care program for a broader population of low-income Americans.

Medicaid fills in holes in our healthcare system. Medicaid provides health coverage for 39 million children and parents in low-income families, medical and long-term care coverage for eight million individuals with disabilities, and assistance with premiums and cost-sharing and long-term care for over six million low-income Medicare beneficiaries.

Medicaid is financed jointly by the federal government and the states. The federal government matches state spending on Medicaid. Through this partnership, the federal government and the states share the cost of providing health and long-term care assistance to the low-income population.

The states administer Medicaid within broad federal guidelines. State agencies administer Medicaid, subject to oversight by the Centers for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services. Federal law outlines broad requirements that all state Medicaid programs must fulfill. However, states have considerable discretion regarding program parameters such as eligibility, benefits, and provider payments. As a result, Medicaid operates as 51 distinct programs – one in each state and the District of Columbia.

Medicaid buys services primarily in the private healthcare sector. Medicaid is an insurance program rather than a healthcare delivery system. States pay healthcare providers for services on behalf of Medicaid beneficiaries. States may purchase services on a fee-for-service basis or by paying premiums to managed care plans.

States may obtain federal waivers to operate their Medicaid programs outside of federal guidelines. Section 1115 of the *Social Security Act* gives the Secretary of Health and Human Services broad authority to waive statutory and regulatory provisions of health and welfare programs, including Medicaid. States can apply for Section 1115 waivers to operate their Medicaid programs in ways that do not conform to federal standards. Waivers enable states to test new models of coverage and care delivery for low-income populations.

Medicaid's structure enables the program to evolve and to incorporate innovations in healthcare. The combination of broad state flexibility in Medicaid design and guaranteed federal matching funds has allowed states to adapt to changing conditions and emerging needs. As a major source of healthcare financing, Medicaid has leveraged improvements in healthcare, incorporating managed care delivery systems, disease management, and home- and community-based long-term care.

Source: Kaiser Family Foundation

Who Pays for Medicaid?

The federal government and the states jointly finance Medicaid. The federal government matches state Medicaid spending on services at least dollar for dollar. The federal share of Medicaid spending is determined by the Federal Medical Assistance Percentage (FMAP), which varies by state based on state per capita income relative to the national average. The FMAP is at least 50 percent in every state and is greater in relatively poor states. Consistent with the federal guarantee of Medicaid coverage for all eligible individuals, federal Medicaid matching dollars are guaranteed to states on an uncapped basis. This approach directs funding based on actual, rather than predicted, need.

The federal government funds about 57 percent of all Medicaid spending. The Medicaid program accounts for eight percent of total federal outlays and 43 percent of all federal grants to state and local governments. Federal matching dollars support states' ability to meet the health needs of the low-income population.

States commit substantial resources to Medicaid. On average, states spend about 17 percent of their general funds on Medicaid, making it the second largest item in state budgets, following elementary and secondary education. Medicaid costs are a recurrent issue at the state level, as states have a more limited fiscal capacity than the federal government, and most states are required to balance their budgets.

Medicaid is a major engine in state economies. The infusion of federal matching dollars into state economies generates economic activity, including the creation of jobs and additional income and state tax revenues. According to one study, total state Medicaid spending generated nearly three million new jobs and over \$100 billion in wages in FY 2001. The Medicaid program also supports the low-wage employment sector and the private insurance market by providing health insurance coverage to the lowest-income working families and individuals with extensive health needs.

Medicaid's current financing structure, with uncapped federal matching funds, gives states flexibility to respond to changing and emerging healthcare needs. Federal matching dollars increase to match increased state spending to address the challenges of rising healthcare costs, increasing enrollment, growing demand for costly long-term care, and public health crises such as the HIV/AIDS pandemic. During the recent economic downturn, Medicaid played an important role in offsetting declines in employer-sponsored coverage, stemming the increase in the number of uninsured. The federal government matches state spending on allowable Medicaid administrative costs at a matching rate of 50 percent for most types of costs. Federal matching payments for administrative costs are open-ended and the matching rates are uniform across all states.

Source: Kaiser Family Foundation

Three WV Hospitals Receive AARP Workers Over 50 Award

Three West Virginia hospitals were named *AARP Best Employers for Workers Over 50* at a press conference and awards luncheon at Wellington's of Scarlet Oaks held this month. Lori Henshey and Cinnie Kittle of the West Virginia Hospital Association attended the event.

Only 50 employers nationwide were chosen to receive the prestigious award. St. Mary's Hospital in Huntington received the award for the third year in a row, while West Virginia University Hospitals (WVUH) in Morgantown received the award for the second time. Cabell Huntington Hospital was a newcomer to the *Best Employers* list.

"It is impressive that the three state winners are hospitals - this shows how important older workers are to the health professions," said Frank Bellinetti, AARP West Virginia State Director.

Employers honored with the AARP award offer some of the best policies and practices like phased retirement, generous 401(k) company contributions, flextime, job sharing, telecommuting and compressed schedules. Employers who expect to recruit and retain a skilled and experienced workforce should pay attention to these companies who are ahead of the curve in providing exemplary policies and practices for a mature workforce. Many of the honorees excelled in several categories scrutinized by the panel of judges, including recruitment practices, continuing opportunities for advancement, flexible work schedules, and benefits for current and retired employees.

St. Mary's President and CEO Michael G. Sellards said, "St. Mary's Medical Center is very pleased to be named as one of AARP's *Best Employers for Workers Over 50* for the third straight year. We believe winning this award three years in a row is a testament to this medical center's commitment to our employees who are 50 and older, and to their families. And, rather than rest on our accomplishments, St. Mary's will continue to strengthen its efforts to provide the best possible work environment and career opportunities for these employees."

"WVUH currently employs 649 people age 50 and older - almost 18 percent of our workforce. These employees are an integral part of the WVUH family. The knowledge, skills and experience they share with our younger employees are invaluable," said WVUH President and CEO Bruce McClymonds. "We are thrilled to receive the AARP designation once again, and we hope to continually recruit and retain mature workers by providing them with a positive work environment."

"We're happy to be recognized by AARP as one of the best employers for workers over 50," said Brent Marsteller, President and CEO of Cabell Huntington Hospital. "We want our personnel policies and benefits to reflect how much we value and want to retain our older employees. Their knowledge, experience and loyalty make a big difference in the quality of care we provide."



Highland Hospital Celebrates 50th Anniversary

In recognition of Highland Hospital's Golden Year Anniversary and the facility's many accomplishments since it opened its doors, West Virginia Hospital Association President and CEO Steven Summer spoke at a celebratory event held September 22, 2006, in Charleston. Summer also presented the facility with an honorary plaque.

Highland was chartered on September 25, 1955. The hospital began on Quarrier Street in downtown Charleston as Valley Convalescent Hospital. In 1960, the hospital trustees purchased Boiarsky Memorial Hospital on 56th Street in Kanawha City. The three-story, red brick, neighborhood-friendly facility has been there ever since.

"On behalf of our Board of Directors, our medical team and our staff, we are proud of our rich tradition of helping patients of all ages," stated David M. McWatters, III, CEO.

The 13th Annual West Virginia Rural Health Conference will be held October 26-28, 2005. The purpose of this annual conference is to offer education, information, and networking opportunities to healthcare providers, policymakers, communities, and students of health professions. In pursuit of the overall health of West Virginians, the conference includes interesting forums, special event meetings, and breakout sessions. Each year the conference focuses on rural healthcare issues, cutting edge initiatives, and creative methods to assist in solving current challenges.

The conference is coordinated by the CAMC Health Education and Research Institute, which facilitates continuing education units. Other partners include the Claude Worthington Benedum Foundation, WV Rural Health Education Partnership, WV Higher Education Policy Commission, WVU Robert C. Byrd Health Sciences Center, Marshall University Joan C. Edwards School of Medicine, and WV School of Osteopathic Medicine. For more information on this year's meeting, go to www.wvochs.org/orhp/default.aspx.