

Medicaid cuts mean higher costs for all

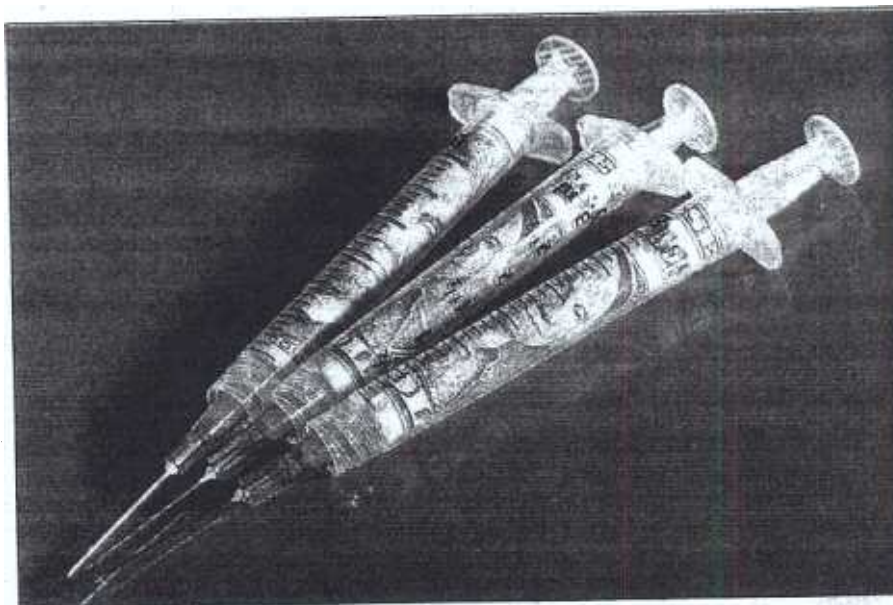
By Steven Summer
For the Sunday Gazette-Mail

BUSINESS and labor leaders, health-care executives, physician and hospital representatives spoke recently in a loud and unified voice about their concerns over the cuts to health-care services for West Virginia's poor and disabled. The group presented a powerful, compelling message: cuts in the Medicaid budget will ultimately impact every citizen in the state. The speakers all called for the governor and Legislature to restore the funding to the Medicaid program.

Unfortunately, at the end of the legislative session, the budget was passed without the necessary funding needed to support the 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. Moreover, the cut merely shifts the cost of care to private employers and ultimately creates more uninsured people.

Medicaid is the largest public health

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insurance program for low-income individuals, the elderly, chronically ill, disabled and children. For many unemployed individuals, it is their only source of health-care coverage.

Medicaid is jointly funded by the state and federal government. The federal

government reimburses the state approximately \$3 for every \$1 the state spends on the Medicaid program. Taking \$30 million of state dollars out of the budget means West Virginia has lost over \$90 million in federal funds. For every dollar the state cuts from Medicaid, the

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federal government takes away three dollars. State policymakers have consistently recognized the value of this match.

Because of a recent federal policy change, effective Oct. 1, 2005, the federal match for the Medicaid program will drop two percent (from 74.65 percent to 72.99 percent). The impact of this drop on the state's fiscal year 2006 Medicaid budget is projected to be a \$30 million shortfall or over \$120 million in program cuts when the federal match is included.

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

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.

The array of groups calling for the state to fully fund the 2006 Medicaid budget, the health-care community, business and labor are ready, willing and able to work with the Manchin administration, Secretary Walker and policymakers to address the Medicaid budget issue but to do so while ensuring con-

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portant to put a face on the Medicaid recipient.

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Medicaid eligibility in West Virginia reflects the needs of our most vulnerable population — children, disabled adults and the elderly. The elderly and the blind and disabled represent over 65 percent of all the funds spent by the Medicaid program. Yet, these individuals make up less than one-third of those enrolled in the Medicaid program. Over half of all Medicaid beneficiaries are children and less than 20 percent are adults.

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.

No one is immune from the impact of Medicaid budget cuts or an underfunded Medicaid program. Whether through cutbacks in services or through higher health insurance premiums, Medicaid cuts have very real consequences for us all.

Cuts in the Medicaid program will add significantly to the shifting of costs to the private sector, affecting business' ability to compete and the ability to attract new jobs to the state. Again, the state's lagging economy directly affects 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 health-care coverage will likely be eliminated by those pushed

The question for the governor and state policy-makers is why underfund 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 underfund 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 health-care 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 seek long-term solutions to the immediate health-care budget concerns. We want to work with the executive branch to craft well-thought-out policy decisions that are sensitive to those most in need of the health services.