

# HEALTH MATTERS



## Health Matters –E-Newsletter ‘All-Hands-on-Deck’ Edition

January 20, 2009

1. [Medicaid under Attack: What YOU Can Do, What we can do together](#)
2. [State Health Reform: New Analysis of 3 Taskforce Draft Bills and Next Steps](#)
3. [Other Announcements](#)

### 1. Medicaid Under Attack: What YOU can do. What we can do TOGETHER

#### A. “Utah Medicaid Partnership” Principles, Recommended Strategy & Next Meeting (TOP PRIORITY)

As you are all aware, the state budget is stretched to the limit. The Legislature started this week to figure out a way to bring things into balance. Unfortunately, the proposals floated thus far mean very bad news for Medicaid—a 15% cut, or \$48 million dollars. As of today, the list of likely cuts includes: Medicaid eligibility for our ‘aged, blind, disabled’ population with income between 75%-100% of poverty, the Medicaid Work Incentive Program, all of the Medicaid medically needy or ‘spend-down’ programs, and provider reimbursement rates. (For the full list of proposed cuts, visit <http://www.le.utah.gov/ASP/Interim/Commit.asp?Year=2009&Com=APPHHS> and click on related materials.

*Thank you to everyone who attended the Utah Medicaid Partnership (formerly known as “Medicaid Policy Partnership) meeting last Thursday. **We had over 50 attendees!** It’s heartening to see how many folks are ready to work together to preserve Utah’s Medicaid program. BIG THANKS also to the many folks who helped revise the principles (Dr. B., Bryn, Karen, Emily).*

Below (and on our website) please find the final version of the principles for your review and endorsement. **Please sign on, if possible, as an organization, by this Thursday 12:00 noon for round 1 (we will be updating the growing list of endorsers on a weekly basis).** We can also take individual endorsers, though the focus right now is on organizations. Send endorsements ASAP to [lincoln@healthpolicyproject.org](mailto:lincoln@healthpolicyproject.org) or call 801-433-2299. For the full Principles publication, which includes the new proposed logo design and slogan, click [here](#):

Here they are now, starting with the background statement:

## **Principles and Strategies for Addressing Medicaid Funding Challenges through the Recession and Beyond**

### **Background**

The Utah state budget is being stretched by the recession and difficult decisions must be made to bring the budget into balance. Because Medicaid consumes 18% of the state budget, it is an enticing target. However, the Legislature should take great care as they look to shave dollars from Utah's Medicaid program. Utah has one of the leanest and best managed Medicaid programs in the country. While Utah ranks 49<sup>th</sup> in the country in per-capita Medicaid spending, it still delivers high quality coverage to those in need.

The benefit of Utah Medicaid is much broader than just providing access to cost-effective care to Utah's low-income children, working parents, people with disabilities, and the elderly. Medicaid spending has an enormous benefit on Utah's economy: For every dollar Utah spends on Medicaid the Federal government contributes \$3 more. This money creates or supports thousands of quality, good paying jobs. Further, Medicaid helps prevent the cost shifting to private payers associated with the growing burdens of uncompensated care. Right now 14% of private health plan premiums reflect the costs of caring for the uninsured, however inefficiently. Cutting Medicaid will only add to that cost, making it difficult for hospitals to serve as the ultimate safety net for the community.

Economists have long recognized the beneficial impact Medicaid spending has on the economy, particularly in hard times. Their wisdom is reflected in the Obama administration's decision to make Medicaid fiscal relief a cornerstone of the national economic recovery plan. When the federal recovery legislation passes, Utah's federal Medicaid match rate will be even higher, pumping millions of additional dollars into the state! Utah simply cannot afford *not* to maximize these incoming federal resources. Against this background, the Utah Medicaid Partnership offers the following principles to guide decisions on the Medicaid budget during the recession.

### **PRINCIPLES FOR ADDRESSING MEDICAID BUDGET DECISIONS IN THE RECESSION**

**1. Maximize cost containment within Medicaid.**

There are several ways that Utah Medicaid can contain costs and become more efficient. Before the state explores *any* cuts to services, eligibility, or provider reimbursement rates, Utah Medicaid should strengthen the Preferred Drug List, for example, and convert Medicaid managed care contracts to function on a full-risk, capitated basis. These steps will not only help Medicaid weather the recession, but also make it a more cost effective program in better times.

**2. Take concrete steps to maximize federal funding and fiscal relief.**

Funding in the form of Medicaid fiscal relief is forthcoming from the new Congress. However, to take full advantage of this funding, Utah must maintain our current investment in Medicaid and restore October cuts. In other words, if we decrease our investment in Medicaid we will LOSE valuable federal dollars that can keep Medicaid whole and stimulate Utah's economy. For every dollar that Utah spends, the federal government contributes \$3 more. For the sake of full economic recovery, Utah should

maintain eligibility levels and restore services, raise provider rates to a level that will ensure timely access to care, and fully fund the considerable caseload growth that can be expected through the recession.

Set the stage for fiscal relief by augmenting the Governor's Medicaid budget recommendations as follows:

- a) **Buy time:** Allocate *temporary* funding to Medicaid in the form of bonding, rainy day funds, or the proposed tobacco tax increase.
- b) **Replace this funding with the fiscal relief dollars** once they are allocated by Congress, sometime in the middle of February.
- c) **Prepare for the cessation of fiscal relief** (18 months to 2 years down the road) by implementing every cost containment tool in the toolbox, including bulk purchasing of pharmaceuticals, disease management and medical homes, and other proven initiatives.

**3. Minimize cost-shifting.**

Prevent expensive cost-shifting by keeping Medicaid whole. All Utahns need access to health care to stay on the path to self sufficiency. The payer of last resort, Medicaid, is designed to provide cost-effective health care to low-income individuals who would otherwise go uninsured. A weak or under-utilized Medicaid program will increase the amount of uncompensated care delivered through Utah's already frayed health care safety net. The cost of that care will be shifted in turn to the insured. Thus, by maintaining services that provide access to cost-effective wellness and preventive care, we can limit the growth in health care costs for all payers.

**4. Reform the health care payment and delivery system, including Medicaid.**

Like all other payers, Medicaid suffers from waste and fragmentation caused by the current fee-for-service payment system, which the Institute of Medicine calls "toxic." Convene the leading stakeholders through the [Utah Partnership for Value-Driven Health Care](#), Utah's Chartered Value Exchange, to create a new payment system demonstration pilot that aligns incentives for providers, payers, and the public to promote value.

To make Medicaid truly sustainable, we must have comprehensive, financially sustainable health system reforms that address access, cost and quality. Health system reforms should begin —and never end— with a coordinated, systematic effort to align all treatment and financing decisions with evidence-based medicine.

**How do we propose to use the Medicaid Principles?** (these ideas are taken from what worked in the last recession and recent conversations)

- Sign on letters
- A new 'Dear Colleague' Letter approach and organizing strategy: our contact at a given association, for example Intermountain Pediatric Society, would circulate a letter to *all* of the association members asking each to sign on to that association's presentation of the Principles. The given association would then present the Principles to appropriations committee members (HHS Approps and leadership/Executive Approps), either formally or in face-to-face meetings. The cover letter would contain that association's unique angle on the Principles. For example, pediatricians might say, following the lead of their colleague, Dr. Tom Metcalf, that Medicaid/CHIP is the last thing to cut if we are serious about economic recovery and health system reform (see his [wonderful editorial](#) in this Sunday's Tribune).
- They could be adjusted as we learn more about how the fiscal relief will be

- distributed.
- We will be discussing other ideas and broader strategies at this Thursday's UMP meeting.

The UMP will be meeting again this **Thursday from 3:45 to 5:00 pm (right after the Medical Care Advisory Committee) at the Utah Department of Health, Cannon Health Building, Room 125, 288 North 1460 West, Salt Lake City. This time there's plenty of room for all of us. Everyone is encouraged to attend!**

We plan to recap what happened at today's Health and Human Service Appropriation Committee meeting (the base budget proposal is very bleak) and prepare for their next meeting and our press conference on January 21 (save the date!).

### **Proposed Agenda for Utah Medicaid Partnership Meeting this Thursday**

1. Debrief from HHS Appropriations Subcommittee Meeting of January 12 (the lists of cuts, decision to not allow testimony, etc.)
2. Endorsement of Principles and Strategy around the Principles
3. Press Conference for January 21st
4. Other Next Steps & Items for Discussion

### **B. We must do more to protect Medicaid from detrimental budget cuts...**

Call the members of the Health and Human Services Appropriations Subcommittee now!  
Below are their numbers and emails, and a sample message. These subcommittee members will be drafting the Department of Health's budget. They would be in good company if they took a position similar to Gov. Huntsman: that Medicaid needs to be protected from across the board budget cuts. To do this, *they must hear from you this week!*

**Health and Human Services Appropriations Subcommittee Members:**

Name	District/ City	Phone number	email
Sen. Allen M. Christensen, Co Chair	19, North Ogden	(801) 782-5600	<a href="mailto:achristen@utah.gov">achristen@utah.gov</a>
Rep. John Dougall, Co Chair	27, American Fork	801-492-1365	<a href="mailto:jdougall@utah.gov">jdougall@utah.gov</a>
Rep. Rebecca Chavez-Houck	24, Salt Lake City	801-891-9292	<a href="mailto:rhouck@utah.gov">rchouck@utah.gov</a>
Sen. Margaret Dayton	15, Orem	(801) 221-0623	<a href="mailto:mdayton@utah.gov">mdayton@utah.gov</a>
Rep. Ben C. Ferry	2, Corrine	435-744-2997	<a href="mailto:bcferry@utah.gov">bcferry@utah.gov</a>
Rep. Keith Grover	61, Provo	801-319-0170	<a href="mailto:keithgrover@utah.gov">keithgrover@utah.gov</a>
Sen. Patricia W. Jones	4, Salt Lake City	(801) 278-7667	<a href="mailto:pjones@utah.gov">pjones@utah.gov</a>
Sen. Daniel R. Liljenquist	23, Bountiful	801-815-7600	<a href="mailto:daniel.liljenquist@utah.gov">danliljenquist@utah.gov</a>
Rep. David Litvack	26, Salt Lake City	801-792-7172	<a href="mailto:dlitvack@utah.gov">dlitvack@utah.gov</a>
Rep. Kraig Powell	54, Heber	435-654-1550	<a href="mailto:kraigpowell@utah.gov">kraigpowell@utah.gov</a>
Rep. Paul Ray	13, Clearfield	801-725-2719	<a href="mailto:pray@utah.gov">pray@utah.gov</a>

If you have to leave a message, ask the legislator to call you back as soon as possible. Explain that it is urgent (it is!) Hint: It helps to call every day until they call you back. Polite persistence really pays off in this instance):

**Talking Points for when they call you back (abbreviate this if you need to leave a message):**

*Hi (Senator or Representative):*

*As you consider your budget priorities this legislative session, I hope that you will recognize the unique role and services Medicaid provides for our State, our economy, and our low-income citizens. Please...*

- *Implement all possible cost containment strategies before cuts.*
- *Ensure that our state takes advantage of the imminent Medicaid fiscal relief coming from Congress. To be eligible for this one-time funding, we must maintain our current investment in Medicaid, either by back-filling cuts or setting up a trigger mechanism for when the fiscal relief comes.*
- *Consider new revenue sources, such as the proposed tobacco tax increase*

*Not all cuts are equal—health and human services should be prioritized in an economic downturn. Thank You.*

Please jot down whatever feedback you get and email it over to Jessica: [Jessica@healthpolicyproject.org](mailto:Jessica@healthpolicyproject.org) or [judi@healthpolicyproject.org](mailto:judi@healthpolicyproject.org). At UHPP we will do our best to work with you to respond to their feedback. WHEN WE TAKE THE TIME TO THOUGHTFULLY RESPOND TO COMMITTEE MEMBERS' CONCERNS, IT TRULY PAYS OFF (most people like to feel heard when they are under stress, and believe me, they are under tremendous stress right now!)

## 2. **State Health Reform: *New Analysis of 3 Taskforce Bills and Next Steps***

After taking input all summer the Task Force rolled out three bills to be introduced in the 2009 Legislative session. The proposed bills take a few positive steps toward reforming Utah's health care system, however a number of changes could be harmful for Utahns and the overall system. The three bills are:

1. **[Insurance Market](#)** – the first and largest of the three bills, aims to expand access, stabilize premiums, and create insurance market flexibility.
2. **[Administrative Simplification](#)** – seeks to make the system more efficient for consumers, providers and insurers.
3. **[Health Insurance Coverage in State Contracts](#)** – works to increase health coverage through the state contracting process.

For a critical overview of the three bills, along with recommendations for what to drop, what to keep, and what to add to prepare Utah's health care systems for comprehensive reforms [click here](#). This is a discussion draft (**please send feedback or additional concerns to [elizabeth@healthpolicyproject.org](mailto:elizabeth@healthpolicyproject.org)**) and will be updated as amendments are made or not made to the bill. These bills are unusually complex, and UHPP will be working to amend these bills so that they benefit Utahns and the overall system. We had a good meeting this morning with Speaker David Clark and John T. Nielsen, Governor Huntsman's point person on health system reform. The good news is that we have a small window of opportunity to improve upon these bills. If you would like to become more involved in amending the bills now and during the session please contact Elizabeth Garbe at [elizabeth@healthpolicyproject.org](mailto:elizabeth@healthpolicyproject.org) or 801-433-2299, or Jessica Kendrick at [jessica@healthpolicyproject.org](mailto:jessica@healthpolicyproject.org) or 801-433-2299.

## 3. **Other Announcements (Health Policy Conference, Report on Obama Discussion, Job w/National Children's Study, **CALL FOR VOLUNTEERS**)**

### A. **UHPP's 1<sup>st</sup> Annual Health Policy Conference**

#### ***Health System Reform: The Key to Economic Recovery***

February 3, 2008  
9:00 am to 2:30 pm  
State Office Building Auditorium  
Utah State Capitol Complex, Salt Lake City, Utah

Even in these difficult economic times, we are confident about the prospects for health system reform at the national and state level. Why? Because health care is the key to economic recovery. Reforms that expand access, contain costs, and improve the quality of care will result

in a more efficient and responsive health care system for all.

National health reforms will focus on two fronts: the private market and Medicaid/CHIP. Keynote speaker [John Holahan](#) of the Urban Institute is known for his expertise in *both* areas: he is at the center of emerging efforts to reform health care at the national level and has studied how to make our public programs more efficient and cost-effective as a part of overall reform. He will bring expertise and inspiration to the growing community of Utahns who are ready for bold health system reforms that meet the needs of all Utahns, starting with the most vulnerable among us.

Change is coming for the *entire health care system!* Find out what these changes mean for Utah and our prospects for economic recovery!

### **Program**

9:00 am	Registration and Breakfast
9:30 am	State Reform Lessons from Massachusetts (Brian Rosman, Research Director at MA's Health Care for All, one of the leaders in MA-based reforms)
10:40 am	Break
10:45	<b><u>Breakout Sessions</u></b> Where Utah stands on: Medicaid/CHIP ( <i>Keynote speaker Holahan will be on hand to advise</i> ) Private Insurance Market Reforms ( <i>Health Care for All MA will be on hand</i> )
11:55 am	Break
12:00 pm	Lunch/Keynote Speaker/Q & A: John Holahan, Ph. D., The Urban Institute
1:30 pm	Health System Reform on the National Front: What's in it for Utah? Advocacy Training ( <i>optional</i> )

### **Cost**

There is no cost to attend. HOWEVER, we are asking for a \$15-100 sliding scale contribution to offset the costs of lunch, travel for presenters, honoraria, etc.

**Space is limited/1<sup>st</sup> come, 1<sup>st</sup> served! To register, click [here](#) (use the automatic email provided including the subject line).**

**IMPORTANT:** Please provide your 1<sup>st</sup> & last name, complete address with zip code, email address, and phone number in the body of your automatic email registration.



**John F. Holahan, Ph.D.** is Director of the Health Policy Research Center at The Urban Institute. Much of his research has focused on state health policy, including Medicaid and issues of federalism and health. These include analyses of the recent growth in Medicaid expenditures and the implications of block grants and changes in matching formulas on states. He has also published on strategies for Medicaid reform. He has developed proposals for health system reform, most recently in Massachusetts. He has also published research on the reasons for the growth in the uninsured over the past decade and on the effects of proposals to expand coverage on the number of uninsured and the cost to federal and state governments.

## **B. Input to President-Elect Obama about National Reform**

On Dec. 23<sup>rd</sup>, Utah Health Policy Project and the Association for Utah Community Health co-sponsored a discussion about national health reform per request from the Obama Transition Team. Utahns gathered in 5 sites across the state—Ogden, Salt Lake, Murray, Provo and St. George—to talk about the need for national reform and give their input to President-Elect Obama about what those reforms should look like. The lively discussion focused on expanding access, containing cost, and increasing quality. It was a unique event, with input being gathered on the individual, community and statewide level. Read UHPP's full report to President-Elect Obama on our website here: [http://www.healthpolicyproject.org/Publications\\_files/USHARE/ObamaFINALReport.pdf](http://www.healthpolicyproject.org/Publications_files/USHARE/ObamaFINALReport.pdf)

## **C. Part-time Positions Available with the National Children's Study (NCS)**

The Department of Pediatrics at the University of Utah is hiring multiple part-time positions for Household Interviewers to work on the NCS. The NCS is a long-term research project that will examine the environmental influences on children's health and development to help identify causes for a variety of child health conditions including asthma, autism, obesity, diabetes and learning and developmental disabilities. For a complete description of this position, please visit <http://www.ped.med.utah.edu/ncs/ncsrecruit.htm>. To apply, send a resume to [ncsjobs@hsc.utah.edu](mailto:ncsjobs@hsc.utah.edu). Spanish/English bi-lingual speakers are encouraged to apply.

## **D. Call for Volunteers (free pizza!)**

Help us defend Medicaid from harmful cuts: when things get this bad for Medicaid, it really helps to activate folks to take forceful action on behalf of Medicaid. Before and during the legislative session, we have long lists of individuals living in key legislative districts that can be called and "activated" to interact with their legislators. It's an old fashioned approach, but it really works.

To volunteer (weekdays, certain evenings, weekends), call the UHPP and ask for Stacey: (801) 433-2299 or send email to [stacey@healthpolicyproject.org](mailto:stacey@healthpolicyproject.org)

TOGETHER WE CAN DO RIGHT BY MEDICAID AND THE UNINSURED and UNDER-INSURED.

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