



NEWS RELEASE

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Contact: Jason Cooke, Utah Health Policy Project
Office: 801.433.2299; Mobile: 512.496.9614
Judi Hilman, Utah Health Policy Project
Office: 801.433.2299; Mobile: 801.870.3887
judi@healthpolicyproject.org

UHPH's Statement on Governor Herbert's Budget Recommendations

Salt Lake City – The release of [Governor Gary Herbert's budget recommendations](#) marks the beginning of the state's process for determining spending levels for the coming year. Given that the latest budget projections show more than \$280 million in ongoing new revenues, this is the year to address historically under-funded areas like caseload growth in Medicaid and CHIP—the Governor's budget does just that. It also makes appropriate down payments to facilitate the state's transition to accountable care, including \$8.5 million for Accountable care organization implementation (more on that below), \$6.5 million for medical school slots, and \$670,000 to develop and implement ACO quality measures and for actuarial services needed to bring all of Medicaid managed care to the same fully capitated risk arrangement. The only downsides to the Governor's budget is that it does *not* include restoration of dental services to Medicaid adults, ignoring the #1 recommendation of the state's Medical Care Advisory Committee; nor does it consider provider rate increases needed to achieve the medical home or care coordination goals of accountable care.

Full Funding for Medicaid and CHIP Caseload Growth: The Governor's budget wisely includes full/decent funding for Medicaid caseload growth (\$44.3 million for FY2012 and \$11 million for FY 2013) and CHIP caseload growth and shortfalls (\$3.4 million). For the first time these estimates are derived from a new and more reliable consensus forecasting process. "Ongoing new revenues provide the best opportunity to backfill dollars for the natural growth in Medicaid and CHIP caseloads brought about by the state's increasing population and an economy still recovering from the Great Recession. Putting off this decision last year may have been the lesser evil when compared to massive cuts in provider rates or services. But now is the time to bring Medicaid and CHIP funding up to date so that the programs are in a strong position going forward with the transformation to accountable care," says Jason Cooke, UHPH's Medicaid Research and Policy Director.

Following today's press conference the Governor referenced his support for congressional proposals to block grant Medicaid. "A block grant would undermine Medicaid's role as the ultimate safety net during recessions, when people lose jobs and whatever coverage they might have had with those jobs," says Judi Hilman, Executive Director of UHPH. "At the end of the day it is more cost effective to cover these individuals in Medicaid, than to hope they will find coverage in the prohibitive individual market or care in our over-crowded charity care network," adds Hilman.

Why the Governor should have restored dental services for Medicaid Enrolled Adults: Medicaid recipients have gone without dental services for many years. "Utah's revenue surplus provides us the opportunity to fill that gap. Poor oral health often goes hand in hand with other health conditions like cardiovascular disease, diabetes, respiratory disease, and adverse pregnancy outcomes. Utah Medicaid spent an estimated \$103 million on the treatment of cardiovascular diseases alone in 2007. In addition, preventable and untreated dental problems drive people to the emergency room—our most expensive place of care. Dental diagnoses are among the top 25 reasons people who receive Medicaid go to the emergency room," says Cooke.

Setting the Table for True Accountable Care?

The Governor's budget includes \$8.5 million for "ACO Implementation." This, it turns out, is a lot less exciting than it sounds: In a phone call today with UHPH staff, Medicaid Director Michael Hales clarified that this is simply the estimated cost of health care that health care professionals have provided but for which they have

not yet billed the state. For advocates and champions for true accountable care, the line item to watch is the \$670,000 set aside to develop and implement ACO quality measures and for actuarial services needed to bring all of Medicaid managed care to the same fully capitated risk arrangement. "This is real money for the much anticipated quality measures—and we should prepare to make the most of this process, starting this winter when the stakeholder group reconvenes to shape the quality measures," says Hilman. The UHPP co-facilitates an "ACO Leadership Team" to ensure the best possible outcomes from Utah's transition to accountable care.

With accountable care on the horizon, this might have been the year to address the need for additional primary care slots. "Given the shortage in primary care slots across the state, it might have made sense to dedicate most of the medical school slots to primary care slots—this would be another measure to 'set the table' for accountable care in Utah," adds Hilman.

Funding Provider Rates At Levels That Promote Stability As Medicaid Moves to Accountable Care

The Governor's budget includes only mandatory or inflationary increases for providers (\$4.9 million in ongoing funds). "Utah health care providers need to be paid by Medicaid at rates that allow them to keep the lights on in the medical home they will provide to Medicaid enrollees under the new ACOs," adds Cooke. "Health care providers who treat Medicaid patients treat the uninsured and private pay patients too. They can no more stay in practice with inadequate payment from Medicaid than they can from commercial insurers. It becomes for them a simple business calculation: what are the payment rates that will enable them to keep the lights on in their offices so they can see patients *before* conditions become too expensive to treat?" "Adequate Medicaid payment rates protect private payers against further cost shifts. As Utah works to make health coverage more affordable for small businesses and individuals, that shift is exactly the type of hidden tax increase all Utahns can ill-afford. And a Medicaid accountable care model as envisioned by SB 180 cannot succeed if there is no money for incentives in the first place.," Cooke concludes.

Note to reporters: UHPP is glad to introduce members of the media to individuals who will be helped by the Medicaid investments (like dental) and down payments for accountable care.

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