Media Release

Today: September 28, 2009

UTAH MEDICAID PARTNERSHIP
Strong medicine for Utah's economy

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Utah Medicaid Partnership & Medicaid Beneficiaries to Present Report on the State of Utah Medicaid

Options to Contain Costs, Protect Utahns, and Aid Economic Recovery

Salt Lake City-The Utah Medicaid Partnership (UMP), a coalition of advocates, providers, consumers, and concerned Utahns will be hosting a 'roundtable' press event to review a new Utah Health Policy Project report on the state of Utah's Medicaid program. The UHPP report, *Utah Medicaid and the Recession: Overview and Cost Management Recommendations*, finds that Utah's Medicaid program is experiencing unprecedented growth and has now hit enrollment numbers, 198,188 as of August 2009, that are unheard of in Utah's history. This growth comes at significant financial cost to the state at the very time Utah, due to the continued decline of state revenues, is least equipped to devote additional monies to the program. However, the report finds that even during these difficult economic times, the state would be wise to resist cutting provider reimbursement rates and Medicaid eligibility levels. Further, the state still has containment and revenue enhancement options at its disposal that will allow it to keep Medicaid whole without hurting Utah's economic recovery.

Medicaid caseload has grown by 30,895 since August 2008 and by 39,921 since the beginning of the recession in December 2007. According to Lincoln Nehring, Medicaid Policy Director at the Utah Health Policy Project, during a recession this growth is not unexpected or unwanted. "Rather, it is a sign of Medicaid doing its job," Nehring states. "During difficult economic times Utahns lose their jobs, families give up individual coverage as their budgets force them to choose between food and housing over health care, and because of declining profits and constantly increasing premiums, employers discontinue health benefits for their employees. However, peoples' health needs continue regardless of ones ability to attain or afford health care coverage. For Utahns who are hardest hit by the recession, Medicaid is what allows them to continue to get the care they need."

According to the report, economically it makes sense to find additional funding for Medicaid to cover this enrollment growth. Failure to do so will likely lead to significant cuts to Medicaid eligibility that will result in thousands of seniors, people with disabilities, and severely injured and sick Utahns being kicked off the program and into the ranks of the uninsured. This will amount to hidden tax those who do purchase health insurance because it simply shifts costs of care from the state to other health payers. "These people will be forced to seek care in emergency rooms and hospitals, a tab that will ultimately picked up by Utah businesses and individuals who purchase health insurance," says Nehring. "As the state works hard to bring down health care costs for small business, eliminating coverage for the sickest and most expensive Medicaid beneficiaries is totally counterproductive. It's not just the health of low-income Utahns that benefit from a strong Medicaid program, Utah's economy benefits as well."

Roughly speaking, every 10,000 additional enrollees to Medicaid costs the program an additional $10 million in state funds. Utah has not appropriated ongoing funds for new Medicaid growth since 2007, when enrollment was under 160,000. For this fiscal year, FY 2010, Medicaid will likely need $20 million in additional funds to cover nearly 20,000 additional enrollees in the program. In fiscal year 2011 the shortfall becomes even more pronounced. Assuming enrollment plateaus at 200,000, the state will need to provide an additional $40 million for enrollment than is currently budgeted for the program. A tall task given the state's $750 million dollar shortfall.

The report identifies several "cost containment" proposals that can save millions of dollars in Medicaid funds that can then be reinvested in the program to help maintain the program. First, Utah's Medicaid program has a Preferred Drug List (PDL) that has yielded millions in savings to the state since it was implemented in 2008. However, current law prevents many drug classes from being listed on the list. Utah can increase the PDL's savings by removing some of these exclusions. Second, the state can enhance its Medicaid fraud prevention efforts. A recent legislative audit found that by strengthening Medicaid fraud prevention, Utah could save $5 million per year in state funds. Third, the state can improve quality and savings within Medicaid by not paying for preventable medical mistakes. Medicare recently implemented such a "never event" program and preliminary results show that under such a policy the health of beneficiaries increases and costs decrease when payment is tied to quality.

Lastly, the report proposes increasing the state tobacco tax to $2 per pack. Given the health benefit in terms of people quitting, or never starting, smoking and the enormous fiscal cost that smoking related disease has on Medicaid, increasing the tobacco tax makes good sense. The American Cancer Society Action Network-Utah estimates that increasing the cigarette tax by $1.30 pack will generate $76 million in revenue. Some of these funds should be used to maintain eligibility criteria and provider reimbursement within Medicaid.

"Given the size of the Medicaid budget shortfall, ultimately we are going to need a combination of cost-containment and revenue enhancement to keep the program whole," says Nehring. "However, the health of low income Utahns, the health of Utah small business, and the health of Utah's health care system demand that we find a way to fully fund Medicaid."

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