



Medicaid Audiology and Physical and Occupational Therapy

Cost to Restore Cuts FY2010: \$174,209 (general funds)

The Problem

The so called "Medicaid optional services", physical therapy, occupational therapy, vision care, and audiology, were cut during the 2008 Special Session to balance the state budget. Now that the Federal American Recovery and Reinvestment Act has eased much of the pressure on Utah's Medicaid budget, it is possible for the state to restore these much needed services. As the Legislature takes up the challenge of preserving Utah's Medicaid program in the face of continued budgetary challenges it is important to understand precisely what is at stake for the adults who use these services. For FY 2010 it costs only \$174,209 in state funds to restore the services, however the payback is substantial! The three services that will likely lead to the greatest "cost avoidance" are physical therapy, occupational therapy, and audiology.

Critical Service	# Affected ¹	State \$ 2010	Consequences & Observations
Physical Therapy	4,789	\$71,050	- health conditions that call for physical therapy such as multiple sclerosis, strokes, cerebral palsy, and some cancers will get worse and more expensive to control. -some recipients will move to institutions where conditions will deteriorate, leading to increased health care costs for all.
Occupational Therapy	424	\$4,863	Without services such as occupational therapy, many recipients will have no choice but to return to expensive nursing homes. Utah has been out of compliance with the 1999 Supreme Court ruling, <i>Olmstead vs. C.</i> , which stated that individuals with disabilities must have the services and supports they need to be able to live and work in the most integrated setting possible.
Audiology/Hearing	2,031	\$98,297	-hearing-impaired recipients will have difficulty getting or holding a job -hearing aids are not affordable for those without coverage.
Totals:		\$174,209	

The Bottom Line

- The label of "optional" is misleading: "optional" services are medically necessary for those who use them. Most states cover the optional services that have been targeted for elimination in Utah.
- 83% of Medicaid spending on low-income elderly represents spending on optional services and/or beneficiaries. 66% of spending on people with disabilities represents optional services or eligibility. These populations, by definition, have no other access to care.
- Utah ranks 45th in state Medicaid spending (near the bottom).

The Solution

The services should be restored using funds in the Medicaid Restricted Account. In order to sustain these investments, use every tool in the cost containment toolbox (strengthen the Preferred Drug List and implement bulk purchasing for pharmaceuticals) and re-align payment and treatment incentives with evidence-based medicine.