

Deseret News

Medicaid performance audit shows millions of dollars could be saved

By James Thalman

Deseret News

Published: Wednesday, Jan. 20, 2010 1:00 a.m. MST

SALT LAKE CITY — Despite its managers being well-known penny-pinchers, the state's health insurance for poor and disabled Utahns could be saving between \$13 million to \$19 million a year, a performance audit released Tuesday concludes.

Medicaid, the joint state and federal insurance plan that currently covers about 198,000 Utahns at a total cost of \$1.7 billion, is swamped by demand but at the same time is compounding the program's financial stresses by using "ineffective" cost controls, according to the Office of the Legislative Auditor General.

Savings could be realized across the Medicaid program, the report states. For example, a bookkeeping error that has overpaid emergency rooms for care could save about \$7 million in the current year's budget.

"Utah Medicaid's current cost controls are basic, minimal oversight functions that are largely focused on compliance with federal standards and are simply not strong enough to provide insightful oversight of the health plans' cost and utilization," auditors state.

Taking a closer look at Medicaid spending is a top priority in Utah and at least 43 other states that have been dealing with a double budget whammy of a 15-year high in unemployment and continuing revenue shortfall, both results of the faltering economy. Medicaid programs are perpetually on the state budget chopping block, despite the bare bones health care it will pay for and Utah being 49th nationally in the amount it spends per capita.

Utah is adding about 2,800 individuals to the Medicaid rolls as they lose private, employer-sponsored insurance when they lose their jobs. Nearly one in 15 Utahns under age 65 (Americans 65 and older are covered by Medicare) and younger have health care insurance through Medicaid.

Although lawmakers tend to view Medicaid as a budgetary black hole, reducing it, especially in hard economic times makes little economic sense, said Lincoln Nehring, a Medicaid and Medicare policy expert with the Utah Health Policy Project, a nonpartisan, nonprofit research and advocacy group.

"As much as it strains the state budget, this enrollment growth is Medicaid doing its job," Nehring said, noting that he hopes lawmakers will put the audit's cost-saving recommendations into practice before resorting to more cuts in services.

e-mail: jthalman@desnews.com

© 2010 Deseret News Publishing Company | All rights reserved