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Utah's Medicaid waiver, which seeks to modify delivery and reimbursement methods, due Friday to feds

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SALT LAKE CITY — In an effort to contain the growing costs of Utah's Medicaid system, officials are seeking to bypass federal rules and change how the program incentivizes local health care providers as well as charge participants higher co-pays.

Without reform of the current system, Sen. Dan Liljenquist, R-Bountiful, said he worries increasing costs and projected enrollment growth will eventually bankrupt the state and Medicaid overall.

"We have got to get a hold of Medicaid costs and this is a reasonable attempt to do so," he said. "It is designed to change the incentives for Medicaid and how we manage Medicaid, to make sure that we can live within our means."

Instead of paying for each service provided, the Utah Department of Health is proposing to give doctors and hospitals one lump sum per patient per month, potentially saving money in the long run, Liljenquist said.

"We write checks. That's what we've done with Medicaid. When bills come in, we write checks and that has just become so expensive that now we have to change the way we (incentivize) providers and participants in Medicaid and how care is delivered," he said.

Issues pertaining to Utah's Medicaid reform, which first need to be approved by the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services, would require a transition from the current managed care model, to a model that groups providers who agree to be held accountable for improving health care quality while lowering costs into Accountable Care Organizations. That transition, UDOH spokeswoman Kolbi Young said, will likely be the most noticeable change in the program.

"The overall goal is to reduce the rate at which Medicaid expenditures are increasing," she said, adding that Utah's Medicaid costs have exceeded the state's revenue growth every year for the past two decades.

Changes have to be made "to improve the long-term sustainability of Medicaid," Young said.

Judi Hilman, director of the Utah Health Policy Project, said she supports the idea of reform but recognized "serious problems" in the initial plan, specifically with the portion of the cost that beneficiaries would be expected to pay.

"From our understanding of the changes needed to move Utah down the path toward accountable care, the (waiver) proposal makes a promising start; it also reflects a good deal of the positive input from stakeholders," Hilman said. "But we also knew going into this where the trouble spots would be for beneficiaries: around cost sharing obligations, access to primary care, and coverage of benefits."

According to Liljenquist, too many Medicaid participants are heading to hospital emergency rooms for care and more than 60 percent of those visits are for nonemergent care. Medicaid patients are charged a \$6 co-pay that is rarely collected because, administratively, it costs too much to go after such a small amount.

The proposal includes a 75 percent hike in emergency room visit co-pays, to \$15 per visit, which Liljenquist believes people can pay. A \$3 doctor's office co-pay would likely be increased to \$6 per Medicaid patient visit.

"People should be responsible for their care," he said. "I'm happy to offer a safety net but it should not be the best program out there."

Liljenquist said he took on the cause of Medicaid reform in support of the disabled population that the program is intended to serve. He sponsored SB180, which passed through the Legislature unanimously earlier this year and led to the creation of the federal Medicaid waiver proposal, due in Washington by the close of business Friday.

A 91-page draft of the waiver hit the public input circuit a month ago and various changes were made throughout a series of public meetings where feedback was gathered, Young said. She said the department is in the process of generating a report of the state's recommendations for the waiver that will be released in the coming weeks.

A copy of the waiver request that is delivered to the CMS will be available online on Friday. Hilman said UHPP plans to conference with CMS officials following their receipt of Utah's waiver request, "so they understand our concerns."

Liljenquist said it could take a while for the CMS to approve or deny the request, but he's expecting it within the year. Reform wouldn't actually begin, however, until the fiscal year following the one during which the approval is made, according to statute. Upon approval, the UDOH plans to implement initial changes in Salt Lake, Davis, Weber and Utah counties, where nearly 85 percent of all Medicaid dollars are spent.

"Utah will be the first state in country to say that we are going to cap the inflationary growth rate of Medicaid — the per member per month growth rate — to the growth rate of our state budget," Liljenquist said. "Going forward, we are affirmatively saying as a state, 'this is all we have. This is how much we can afford on Medicaid.' If we don't do this, Medicaid will eat up our entire state budget."

He admits the changes won't be easy, but he said the only other options are to reduce rates and therefore restrict access to Utah's Medicaid system.

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