Utah Medicaid needs reform
By Lincoln Nehring
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For years we have heard warnings that if nothing is done to reform our health care system, health care will become unaffordable. For many individuals and small businesses, this prediction has become reality. However, that day has now arrived for a much larger player in the market place, Utah’s Medicaid program.

In the past year Utah Medicaid has seen enrollment grow by 20 percent, to nearly 200,000 enrollees. The state, however, has only appropriated sufficient funding to cover 170,000 enrollees. To keep the program whole, Utah will need to provide an additional $25 million to Medicaid to cover this and future enrollment. A tough charge given the state is likely facing an additional $300 million budget shortfall.

So what will happen if Utah does not find the money? There are three areas where the state can make cuts to Medicaid: optional services for adults (services that the federal government does not require states provide), provider reimbursement rates and eligibility criteria. Going into the 2010 legislative session, however, two of these options, optional services and provider reimbursement, are off the table.

Utah has already cut optional services like vision care, dental care, audiology and chiropractic care for adults. Outpatient physical therapy and occupational therapy are slated for elimination at the end of this fiscal year. Provider reimbursement rates have been cut to the bone as well. Hospitals’ and pediatric dentist’s reimbursement rates, for example, were cut 25 percent during the 2009 session. Further cuts will likely lead to an exodus of providers from the system, particularly primary care providers whose reimbursements were well below market rates before the economic downturn.

This leaves eligibility as the last place for the budget guillotine cut to balance Medicaid’s books. Two Medicaid eligibility categories will be at great risk: Medicaid for people with disabilities and Utah’s medically needy program.

Currently Utah covers disabled adults earning up to 100 percent of poverty, but that will likely be reduced to the federal minimum of 74 percent. In addition, Utah’s medically needy program will have to be eliminated. The medically needy program allows children, the disabled, pregnant women and the elderly who have very expensive medical conditions but family income which exceeds the limit to qualify by “spending down” to poverty.

So what’s the problem with these two cuts? The people who currently qualify for these programs are some of the sickest and most expensive enrollees. Rather than having regular and coordinated care, the people served by these programs will be uninsured and be forced to seek treatment in our emergency rooms. This will both harm the health of these people and further tax an already swamped hospital charity care system. These cuts will result in increased costs that Utah’s health care system simply cannot afford.

What is the solution? There are temporary fixes the state could pursue, a tobacco tax or another round of federal economic stimulus, for example. However, the root of Medicaid’s fiscal difficulties lie with America’s broken health care system. The same cost drivers that are making health coverage unaffordable to small businesses and individuals is making Medicaid unaffordable to states. The real solution to the Medicaid crisis is the same solution that Utah’s uninsured and small businesses are demanding: broad health system reform as soon as possible.

Some have argued that we cannot afford health system reform this year. But as Utah’s Medicaid woes indicate, major changes are on the way for Utah’s and the nation’s health system regardless of what we do. The only question is whether these changes will be constructive or destructive. I vote for something constructive.

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