

Utah's Medicaid wants a big boost

Health » Program seeks \$17M; House speaker says it should cover its own shortfall.

By Lisa Rosetta
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With its enrollment fast approaching 200,000 Utahns -- an all-time high -- the state's Medicaid program is poised to ask the Legislature for \$17 million in additional funding to keep it afloat through fiscal 2010.

But it's a request that may fall on unsympathetic ears.

Alarmed by an audit that said Medicaid's Bureau of Program Integrity could save as much as \$20 million if it more scrupulously examined bills and claims for services, House Speaker Dave Clark said the public health insurance program is going to have to find those savings and plug its own funding hole.

"I think there ought to be an expectation -- if not a demand -- that that be first, if not exclusively, where that funding comes from," said Clark, R-Santa Clara.

In August, the Legislative Auditor General found BPI isn't aggressively going after providers who submit fraudulent claims. Its audit asserted the program's internal auditors, charged with overseeing the department and its \$1.7 billion budget, are not independent enough to do their jobs. The audit also found that millions are being spent on procedures that aren't covered by the program.

Auditors, who noted research indicates at least 3 percent of health care claims are fraudulent, said Utah's Medicaid program only recovers half that. They believe as much as \$20 million could be recouped if the program did its job.

State Medicaid Director Michael Hales is doubtful.

"Do we think it's going to come up with \$20 million in savings? No, we don't," he said. "But we're not going to not try to implement the recommendations and do everything we can to have a more agreeable program and see what savings can come."

The problem is that auditors took the 3 percent number -- a national average -- and multiplied it by Medicaid's entire budget.

"Whether the state of Utah mirrors the national health care experience and the waste, fraud and abuse percent, that's an assumption you can work with all day," he said.

And while Hales accepts the auditors' finding that prior authorizations for procedures did not follow guidelines, "that's not to say had they done so, that service wouldn't have been covered."

Clark initially blasted the Utah Department of Health for what he thought was a "weak and inappropriate response to serious, serious allegations." He said he is pleased that Medicaid has since submitted a 26-page action plan that goes beyond merely acknowledging the problems.

But he remains convinced \$20 million in savings exist.

"I am going to rely on the industry and I'm going to rely on my legislative auditors first and foremost, rather than the people who gave me that same very weak first response to the audit," he said. "This is the same song they sang with that."

Consumer advocates, meanwhile, worry the audit has distracted lawmakers from the vulnerable Medicaid population, which may be without services if the funding shortfall isn't addressed.

Senate President Michael Waddoups agrees.

"We have to have concern for the people who are getting Medicaid," said Waddoups, R-Taylorsville. "If they're \$17 million short on that, we'll certainly have it sent to our appropriations committee and have them prioritize it with the other funding obligations they have."

Lincoln Nehring, Medicaid policy director for the Utah Health Policy Project, said until it's clear how much the upcoming changes can save, it's irresponsible for the Legislature to expect Medicaid to fix its funding problem alone.

"The [Utah] Department of Health says a couple of million. The auditors says \$20 million," he said. "There's still a lot of work that needs to be done to determine what level of savings might be found there. Whatever it is, it's not going to be enough to cover increasing enrollment growth."

Medicaid received \$11.6 million in supplemental funding for the higher demand in fiscal 2009 -- an amount that was included in the program's base budget for fiscal 2010, plus another \$3 million, Hales said.

But without more supplemental funding, the program is faced with a short and unpalatable list of cuts from which it can choose:

- » Ax one of the few remaining optional services -- many, such as chiropractic care, have already been cut.
- » Change eligibility standards, which isn't an option until Dec. 31, 2010, unless Medicaid forfeits its generous federal match under the American Recovery and Reinvestment Act.
- » Roll back provider reimbursements, which are already so low they've prompted the state's dentists to stop seeing new patients.

Nehring said the state should consider alternatives first, including boosting the cigarette tax \$2 per pack and expanding the preferred drug list, which regulates drugs used by Medicaid patients, to raise funds or find savings.

"We're setting ourselves up for a failing system if we cut provider rates anymore," he said, "and we're setting ourselves up for lawsuits because there is not going to be any access."

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Increasing Utah Medicaid's accountability

Responding to a performance audit by the Legislative Audit General, Utah's Medicaid has committed to:

Pool its auditors from departments to form an independent Office of Internal Audit.

Undergo a review by an outside contractor of all claims paid in the past two years.

Upgrade its fraud and abuse detection computer system, as well as provide periodic updates on the effectiveness of a new recovery database.

Review its prior authorization policies, as well as training for prior authorization staff.

Assign a staff physician to monitor and evaluate the decisions of prior authorization nurses.

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Review Medicaid audit

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