

UHPP Questions Potential Changes to Medicaid

Oct 29, 2008 by Faroe Robinson

(KCPW News by Faroe Robinson) The Utah Health Policy Project is questioning two potential changes to Medicaid that will be discussed today in the legislature's Health and Human Services Appropriations Committee. The first program would give health savings accounts to Medicaid recipients with a specific amount of money they can spend. Lincoln Nehring, UHPP Medicaid Policy Director, says these accounts are often insufficient to cover the services patients need, and promote the rationing of care.

"That brings a whole host of risks, that people will have perverse incentives to keep money and not use it to get the care that they need. Instead of enticing people to come in and get the preventative and wellness care that we know is cost-effective, it improves health outcomes. Health savings accounts provide an incentive not to do that," Nehring said.

The second program being discussed would change the billing of a procedure from line item costs to a flat fee. Nehring says this would help entice competition between health care providers, but he feels it isn't the best way to control prices of procedures. He says the state's Health Maintenance Organization negotiates prices, and doesn't have an incentive to reduce costs because it receives a set eight percent fee.

"That is one of the biggest flaws with our Medicaid HMO model in Utah, is the HMO doesn't take on much risk sharing. One of the things the state could look at is changing that, asking the HMOs to take on some risk. I think that would incentivize them to ensure that our Medicaid population can have access to primary care," Nehring said.

The committee doesn't plan to make any decisions on the proposed ideas today, but will revisit them in later meetings.