



The Medicaid malady: What's up, Doc?

By Jim Waters

Some highly publicized proposals made during the current legislative session offer stark reminders that state lawmakers remain very good at treating symptoms but do a remarkably poor job of curing patients.

One patient, "[Kentucky Medicaid](#)," already on life support, will get no surgery in the form of serious cost savings. Its condition is sure to worsen when the full effects of federal demands in the new health care bill for states to increase their Medicaid eligibility ceilings come to bear.

Currently, more than 833,000 Kentucky adults enroll in Medicaid, a program designed to help the working poor and disabled. Federal mandates will require Kentucky to raise its Medicaid-eligibility ceiling from the current 62 percent to 133 percent of the federal poverty level — \$18,310 for a family of three in 2010. This will add 300,000 Kentuckians to the program by 2014. Those life-support system lights that already flash yellow will turn red.

Gov. Steve Beshear's infirm budget proposal last year promised to find more than \$126 million in Medicaid savings during this fiscal year. It ends June 30, but so far, the governor claims to only have found \$87 million in savings. Truth be told, he cannot substantiate one cent of savings.

Yet, the good doctor traipses into the Kentucky General Assembly operating room during this year's non-budget legislative session and asks lawmakers to extract \$167 million from next year's Medicaid budget and transplant it into this year's gap. If not, the warning is clear: Medicaid flatlines.

House Budget Committee Chairman Rep. Rick Rand, D-Bedford, scrubs into the mismanaged operation and says without the transplant, the commonwealth would be \$600 million in the hole, forcing Kentucky to "cut reimbursement rates to all of our providers, our hospitals, our physicians, dentists and on and on and on."

So, rather than focus on making the [Medicaid](#) program and its services more healthy through efficiency, Rand tries to deflect the failure of the Governor's Office to follow through on promised cuts. Instead, Doc Beshear offers to throw the neediest Kentuckians under the political bus — the Gubernatorial Election Express.

Rather than making needed cuts — and disproportionately affecting the Democratic governor's voting base in November — Beshear wants to "harvest" next year's money and stick it in a sickly patient. That way, the state can take advantage of an offer of one-time federal stimulus money and the fact that the federal rate of reimbursement will fall from 80 percent this year to 70 percent next year.

That operating technique simply addresses the symptom: a budget gap. It doesn't cure the Medicaid malady.

Meanwhile, other states have tried a different surgery called "savings."

- Rhode Island leaders [worked out a deal](#) with the feds that capped Washington’s Medicaid contribution to the state at \$12 billion through 2013. In return, Rhode Island would not be required to spend more than 23 percent of its state budget on Medicaid and could take cost-cutting steps needed to remain within that budget. So the state created a new system offering Medicaid users incentives for healthy behavior, coordinating their care, introducing competition in its services-purchasing process and combating fraud and abuse.
- A Florida bill would [privatize its Medicaid program](#). While \$24 billion in federal money would be at risk, Sen. Joe Negron, R-Palm City, said that Florida’s first obligation is to its citizens, not to satisfy the federal government’s desire to enact a one-size-fits-all directive. “We cannot allow Washington, D.C., to commandeer our budget,” Negron said. “My goal is the benefits under Medicaid will not be worse than what any private citizen has, but not better, either.”

Did somebody say “goal?”

I believe there is a real doctor in the house.

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