



Maintaining the Integrity of Medicaid

2010 Michigan Primary Care Association Legislative Priorities

ISSUE:

Due to Michigan's continuing economic crisis, the integrity of Medicaid is in jeopardy. It is imperative that the safety net program currently providing the majority of funding for health care services to the state's low-income residents not be compromised through cuts to eligibility, rates, or services.

RECOMMENDED ACTION:

Steps must be taken to protect Medicaid benefits and eligibility and ensure that reimbursement rates are adequate to maintain a sufficient number of providers willing to provide Medicaid services. Further, we must ensure that should cuts to Medicaid become inevitable the cuts will be based on clinical research and outcomes after consultation and agreement by researchers and practicing clinicians.

BACKGROUND:

Michigan is now in its ninth consecutive year of significant state budget deficits. Through much of this period, our state has been able to provide innovative approaches to reduce the pain of budget cutting. Unfortunately, creativity can take us only so far and we have basically depleted most available one-time funding ideas. It finally became necessary in fiscal year 2009 to cut Medicaid provider rates by 8% to assure that benefits and eligibility could be maintained. As Michigan faces a budget deficit of another \$1 billion-\$2 billion in fiscal year 2011 unless revenue solutions are considered, it will be nearly impossible to protect the integrity of the Medicaid program. To reduce Medicaid expenditures, the State of Michigan will have to either cut benefits, provider payments, or eligibility categories. Any such cuts must be based on clinical research and outcomes rather than political winds.

DISCUSSION:

When the Medicaid adult dental benefit was eliminated in October 2003, over 600,000 disabled, elderly, and pregnant adults found themselves without needed dental care. Lack of dental care has been demonstrated to lead to uncontrolled diabetes, pre-term births, transmission of oral infection to children, and reduced employability. Thus, elimination of benefits merely shifted the costs of care to emergency rooms or delayed service to more expensive care. During the first six months following the benefit elimination, Medicaid dental emergency room visits increased 12% and the charges for those visits went up 42%. Policymakers must understand the impact of such eligibility or benefit reductions before making these crucial decisions.

The number of uninsured individuals are growing in Michigan and across the country. This trend is happening even without any reductions in Medicaid eligibility. If Michigan creates newly uninsured populations as a result of reducing Medicaid eligibility, we must prepare for the resulting outcomes. Reduced employability, poorer health status indicators, and increased uncompensated care costs reported by hospitals are likely as the uninsured allow their conditions to degrade to a level that requires more extensive care. We must also recognize that any reduction in the benefit program may not achieve the level of savings equivalent to the reduction of expenditures, and may

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even end up costing the Medicaid program more. Medicaid has certain mandatory benefits that include hospitalization. If Medicaid clients are unable to access services at the initial stages of disease, they are very likely to end up in hospital and emergency care settings.

Previous determinations regarding benefit structure have not been decided as clinical decisions based on expected outcomes, but rather on which group has the strongest lobbying force. Before any decisions are made regarding benefit elimination or reduction, we ask that clinicians in practice and researchers provide this important aspect to the decision-making process.

Finally, Federally Qualified Health Centers are a crucial part of the “safety net” assuring our neediest residents have access to health care. This network already provides medical and dental care to over 1.8 million Medicaid recipients in Michigan. Without adequate reimbursement to care for this population, the safety net cannot be sustained and many more residents will be left without access to care.

ABOUT MICHIGAN COMMUNITY HEALTH CENTERS:

For over 30 years, Michigan’s Community, Migrant, HIV/AIDS and Homeless Health Centers have been delivering comprehensive primary care to the medically underserved communities of our state. Michigan’s 32 Community Health Center organizations form an essential component of the state’s safety net and provide comprehensive health care services at more than 160 different locations. These organizations are on the front lines of health care serving the most vulnerable populations in rural and inner city communities. Nearly 40% of Health Center patients are uninsured; two-thirds are of racial and ethnic minority groups; nearly 70% have family incomes at or below poverty level; and half live in rural areas. Community Health Centers provide high quality, comprehensive health care services to federally designated medically underserved areas/populations.



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