

Medicaid



4th Annual **Creating a 21st Century Medicaid System**

Sustainable Medicaid Reform

Consumer-centered, Opportunity driven, Outcomes-based System of Care

“A Government should cost the least and do the most”

Common Sense, Thomas Paine

Gary D. Alexander, Director of Human Services
State of Rhode Island and Providence Plantations

Challenge

“.....spending on Medicaid is on a path that cannot be sustained”

Congressional Budget Office, November 13, 2007

“.....spending on entitlement programs will reach frightening financial levels if spending is not curbed”

United States Government Accountability Office [GAO],
January 31, 2007

Rhode Island's Challenge Continued

- Without immediate change, the Rhode Island Medicaid program is projected to grow at a rate of approximately 8 % per year through 2013. State revenues are growing at approximately 3% per year. This rate of expenditure growth is unsustainable, causing decision-makers to face difficult choices regarding reductions in eligibility, benefits, or rates.
- Over half of each new tax dollar generated in Rhode Island is going into the Medicaid program leaving less revenue for education, transportation, the environment etc.
- Medicaid is the number one expenditure in Rhode Island.
- **The state faces a budget shortfall of \$400+ million in state fiscal year 2009.**
- Without significant reform and redesign, Medicaid will consume approximately 50% of the state budget by the year 2025.

Rhode Island's Challenge Continued

Current Program

- Not person-centered

- Institutionalized inefficiency
- Inadequate choice
- Institutional bias
- Does not reward prevention, wellness and little disease management;
- Payments are not linked to quality and performance;
- Not transparent
- Excessive reliance on high cost residential care services and many out of state placements,
- No meaningful competition among providers
- Personal responsibility is lacking and.....
- No continuity through the life-cycle

Solution.....CHANGE

Guiding Principles

- **Consumer Empowerment and Choice.**
- **Personal Responsibility.**
- **Community-based care solutions.**
- **Prevention, wellness and Independence.**
- **Competition.**
- **Pay for Performance.**
- **Improved Technology and transparency as a key ingredient**

Solution.....CHANGE continued

Something bold, something new.....

The Rhode Island Global Compact to Health

- RI wishes to transform its Medicaid program to create a consumer-centered system of care by redesigning the program through the consolidation of its existing waivers and state plans into the Global Waiver Consumer Compact to Health. Rhode Island will operate its entire Medicaid program under a single Section 1115 waiver demonstration over the next five years.
- The Rhode Island's Global Compact Waiver reform proposal establishes a new State-federal compact that will provide the State with substantially greater flexibility than allowed under Medicaid guidelines in exchange for federal budgetary certainty.
- The State will use the flexibility afforded under the waiver to redesign the State's Medicaid program to provide cost-effective services that better meet the changing needs of beneficiaries. In exchange for the increased flexibility and potential to capture such savings, Rhode Island also assumes a degree of risk regarding caseload and inflation trends.

Solution.....CHANGE continued

The State will utilize the additional affordability and flexibility under the waiver to ensure beneficiaries have access to the right services, at the right time and in the right setting through [*these are just some of the initiatives*]:

- Rebalancing of the long-term care system by expanding access to and availability of community-based alternatives for all beneficiaries through out the life-cycle;
- Promoting personal responsibility and wellness by encouraging and rewarding healthy and cost-effective service choices, including through health service accounts,
- Improving outcomes through better service coordination by requiring mandatory enrollment of all populations in a care management system; and
- Achieving greater efficiencies in service design and delivery through smart purchasing, competition and rate and payment reform.
- Creating transparency to empower consumers in the medical marketplace by allowing them to control some of their own health care dollars.
- Utilizing the Health Information Exchange to improve the value of electronic data flow between providers (hospitals and medical group practices) and other providers.
- Contracting only with providers that institute quality control programs.
- Pursuing fraud and waste aggressively by establishing Medicaid provider information exchange databases to identify fraud, abuse, overuse, and unnecessary care.
- Utilizing Health Savings Accounts and Long Term Care Insurance.
- Provides greater freedom and independence for the consumers by allowing recipients to live in the least restrictive environment.
- Focus on consumer directed care and competition.

