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Medicaid cash losses halted, official says

By Ryan Alessi

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The state Medicaid program that was bleeding cash several years ago is now in the black, largely thanks to broad reforms that are beginning to take hold, Health and Family Services Secretary Mark Birdwhistell said yesterday.

After updating a legislative committee on the progress the Medicaid program has made, Birdwhistell told reporters that the state will be able to cover the \$5.7 billion annual cost of the program, which covers 710,000 of Kentucky's lowest income and disabled residents.

"We're going to pay all the bills," he said. "I feel very good about where we are."

Officials, as recently as August 2005, projected a deficit in the program as high as \$675 million, which was later reduced to \$125 million.

Key Democratic lawmakers said they were encouraged by Birdwhistell's presentation on the progress of various program reforms, but said they'd reserve judgment on the financial status of the program for now.

"I won't say I feel confident that we've overcome the deficit," said Rep. Jimmie Lee, D-Elizabethtown and co-chairman of the Medicaid Oversight and Advisory Committee. "But we've had some very, very good beginnings."

Lee said he plans to delve into the budget figures later this fall in preparation for crafting the next two-year state spending plan during the 2008 General Assembly.

Birdwhistell outlined the progress of the broad reforms under Gov. Ernie Fletcher's administration to the Medicaid oversight committee yesterday. Among the highlights:

- The average overall cost of health care for the 709,384 Medicaid recipients dropped from \$119 a week to \$115 a week in 2006 from the year before. That worked out to an overall savings of \$67.6 million for the year.
- The program increased the amount of cheaper generic drugs used by patients, while dropping the average number of prescriptions per recipient to 3.6 -- a low-water mark in recent years.
- Pilot programs to help educate Kentuckians about managing and preventing problems, such as heart disease, diabetes and obesity, have helped reduce emergency room visits.

Such reforms, made possible through a major federal waiver approved last year, also have allowed the state to land \$55 million worth of additional federal funds.

Some of those reforms have hit snags.

Birdwhistell said after the meeting that the pilot programs aimed at prevention aren't taking hold as fast as he hoped.

He told the committee that the transition to use new technology to coordinate the program wasn't "seamless." And some doctors and providers have complained about how long it still takes the cabinet to approve them to serve Medicaid patients.

But, overall, Rep. Tom Burch, D-Louisville, said he initially was concerned that recipients' benefits might be slashed or that reforms would be slow or ineffective. So far, he said his fears haven't been realized.

Tuesday, June 26, 2007

Medicaid will balance budget

Restructuring gets credit for savings

By Deborah Yetter

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The Courier-Journal

FRANKFORT, Ky. -- The state's Medicaid program will balance its budget this year without the gaping shortfalls of past years that threatened services for some poor or disabled Kentuckians, officials told a legislative oversight committee yesterday.

"It is a different day in Medicaid than it was several years ago," said Mark D. Birdwhistell, secretary of the Cabinet for Health and Family Services.

The \$5.7 billion federal-state health program provides coverage for about 709,000 Kentuckians.

Birdwhistell, testifying before the Medicaid Oversight and Advisory Committee, said the program will finish in the black for the budget year that ends Saturday and will be able to pay all its bills.

Medicaid got a boost in early 2006 when Gov. Ernie Fletcher added about \$343 million to help it get through the current two-year budget without running short. The program gets 70 percent of its money from the federal government.

Birdwhistell said yesterday that efforts to restructure the program, with limits on services, co-payments and more emphasis on generic drugs, have paid off in savings and slowed the program's rate of growth -- which he said should avoid future shortfalls.

Medicaid also has launched pilot programs aimed at controlling some of the costliest illnesses, such as asthma and diabetes, by teaching participants how to better manage their conditions. That will yield further savings in the future, he said.

The changes do not affect about 140,000 Medicaid members in the Jefferson County region who are covered by Passport, a separate Medicaid managed-care program under contract to the state.

Lawmakers said yesterday that they are pleased with progress in Medicaid but look forward to more details about costs and savings in a program that provides such services as nursing home care for low-income elderly in Kentucky.

"The jury's still out," said the committee chairman, Rep. Jimmie Lee, D-Elizabethtown, about whether Medicaid can avoid future shortfalls that have forced some states to cut the number of beneficiaries.

In 2003 the administration of then-Gov. Paul Patton -- seeking to control ballooning Medicaid costs -- cut the rolls, forcing hundreds of Kentuckians to lose services, including nursing home care.

Fletcher rescinded those cuts, and his administration has been working to reorganize the program.

Advocates said yesterday that they were encouraged, but will feel better when they see more details, including a final account of Medicaid spending for the current budget year.

"I'd like to see them provide the data and provide it in greater detail," said Rich Seckel, director of the Kentucky Office of Legal Services Programs.

Birdwhistell said he doesn't have the final budget numbers yet for Medicaid -- including projections for future years.

Lee said he expects lawmakers to gather more details on Medicaid spending later this year as they plan the next two-year budget, to be taken up in the 2008 General Assembly session.

Meanwhile, advocates said they hope the state continues with Medicaid programs it has started or announced that are aimed at helping more disabled or elderly people live independently in the community instead of in more costly institutions.

"We are supportive of what they are doing," said Maureen Fitzgerald, director of Kentucky Protection and Advocacy.

"People with disabilities want to live in the community. People who are aging don't want to live in nursing homes."

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State-Journal (Frankfort, KY)

Editorial: Mission accomplished

June 27, 2007

When Gov. Ernie Fletcher took office three years ago, the first crisis facing his administration was a state Medicaid program running amok " and out of money.

The Medicaid program, which matches federal with state money, provides medical care for more than 700,000 poor and disabled Kentuckians. It costs \$5.7 billion a year.

Two years ago, legislators were predicting deficits in the Medicaid program as high as \$675 million.

Fletcher assigned the crisis to Health and Family Services Secretary Mark Birdwhistell, and the solution was reform that, among other changes, sought to lower the out-of-control upward spiral of drug costs for Medicaid recipients.

It was a roll of the dice, and critics were skeptical that anything could bring Medicaid spending under control.

Birdwhistell said this week the gamble paid off.

"We're going to pay all the bills," he said.

The reforms required a federal waiver of Medicaid regulations, and the success of the reforms has brought in an additional \$55 million in federal funding.

In fact, while medical care costs have been rising across the board for everyone, the weekly cost of care for Medicaid recipients actually dropped from \$119 a week in 2005 to \$115 a week last year.

That may seem a small amount, but multiplied by 710,000 people times 52 weeks a year and you're talking big-time savings.

And dire predictions notwithstanding, there have been no horror stories about poor and disabled Kentuckians going without necessary care or medications since the reforms took affect. Indeed, since health care costs for retired public employees is a major reason for the retirement systems' funding crisis, we're tempted to suggest that Birdwhistell be assigned to tackle that enormous challenge.

Fletcher has been the focus of widespread criticism " much of it well deserved and self-inflicted " but he earns credit for taking on the Medicaid funding crisis and assigning the right people to handle it.

In the black — 07/02/07

— We admit that we had our doubts when Secretary of Health and Family Services Mark Birdwhistell boldly predicted that his department would implement the changes necessary to bring soaring Medicaid costs under control. Having inherited a program from the administration of former Gov. Paul Patton that was gushing red ink to the tune of more than \$100 million a year and climbing, the task seemed impossible without denying health care benefits to thousands of poor and disabled Kentuckians.

But the numbers show that Birdwhistell — the most competent administrator brought to Frankfort by Gov. Ernie Fletcher — was not just blowing smoking. A Medicaid program that legislators two years ago were predicting would lose anywhere from \$125 million to \$675 million a year has ended the fiscal year in the black. Just as important, Birdwhistell has brought Medicaid costs under control while still assuring the poor and disabled receive the medical care they need.

“We’re going to pay all the bills,” Birdwhistell said of the Medicaid program just days before the fiscal year ended on June 30. “I feel very good about where we are.” Birdwhistell said the state’s ability to provide more generic drugs to patients while actually dropping the average number of prescriptions per recipient as a major reason for the decline. The average cost of health care for Medicaid recipients also dropped slightly, from \$119 a week in 2005 to \$115 last year. While a savings of \$4 per patient doesn’t sound like much, it adds up to millions of dollars when one considers more that 710,000 Kentuckians receive Medicaid.

Birdwhistell said a waiver approved by the federal government in 2006 enabled Kentucky’s Medicaid program to qualify for \$55 million worth of additional federal funding.

Birdwhistell admits that not everything his department has tried to reduce Medicaid costs has worked. Despite extensive education efforts, too many lower income and disabled Kentuckians continue to smoke and be obese. Many do little or no exercise. If the state could ever convince more of its residents to quit smoking, lose weight and exercise regularly, health care costs would drop dramatically. Too many of our health problems are self-inflicted.

But lifestyle changes are always the most difficult to achieve. Meanwhile, Birdwhistell has shown that better management and more oversight has saved millions in Medicaid costs. May the good news continue.

Tuesday, September 4, 2007

Disabled helped to stay at home

Kentuckians will receive services

By Deborah Yetter
The Courier-Journal

Thousands of disabled Kentuckians -- many living with aging parents -- may be about to get the help they need to continue living and working in their communities.

Federal authorities have approved a sweeping state plan to use Medicaid money to pay for home and community services for people with mental retardation and physical disabilities, officials with the state Health and Family Services Cabinet said yesterday.

Such services could include personal care, therapy, day programs or other help for individuals that their caregivers can't provide.

The approval comes nearly two years after the state settled a federal lawsuit filed by advocates for the disabled. The state agreed to pay to help people with disabilities stay at home instead of being forced to enter an institution, such as a nursing home or residential center.

About 3,000 people are on a waiting list for such services, and state officials estimate there are thousands more who could benefit from what is known as the "Michelle P." settlement, named after the lead plaintiff in the class-action lawsuit, Michelle Phillips of Louisville.

"I think this goes a long way toward providing the right care at the right time at the right place," cabinet Secretary Mark D. Birdwhistell said yesterday.

Phillips, 32, who has mental retardation and developmental disabilities, said she was delighted to learn that the lawsuit, filed in 2002, has finally brought results.

"I'm happy to hear the good news," said Phillips, who lives with her grandfather, Jim Deisenroth, 78. "We need the services."

Deisenroth said that, as an advocate, he hears frequently from other elderly parents and grandparents who are frightened about the futures of their disabled children with no community services.

"People have been asking me and asking me and asking me -- when are we going to get services?" he said. "I am ecstatic that this has happened."

Maureen Fitzgerald, director of Kentucky Protection and Advocacy, whose agency filed the suit, said she was "thrilled" by the results.

"It's going to be just terrific for people who have been waiting and waiting for years," she said.

The \$50-million-a-year project -- which could serve as many as 10,000 people -- will be funded through Medicaid, the federal-state health plan for the poor and disabled. About 70 percent of the money will come from the federal government.

Kentucky Medicaid Commissioner Shawn Crouch said the state will assess individuals to determine if they meet criteria -- generally having disabilities significant enough that they might have to enter an institution without care provided by family or others.

Once they qualify, people will be eligible for up to 50 hours a week of such services as housekeeping help, personal care, therapy, adult day programs, and assistance getting and keeping jobs.

Crouch said the state hopes to have the program in place by January.

The state originally expected to begin serving people much sooner after announcing in January 2006 that it had settled the lawsuit. But it took several attempts to create a plan the federal Centers for Medicare and Medicaid Services would approve.

The centers issued final approval of Kentucky's plan last week.

Deisenroth said many people had become frustrated, wondering what was taking so long.

"After 5½ years, we finally got through," he said.

The plan comes just four months after the state announced it will receive an additional \$50 million in federal money during the next five years to help people in facilities, such as nursing homes, move into the community if they choose. Kentucky will use the money to provide assistance -- such as personal care or home health -- to help those people.

Birdwhistell said that money -- plus the "Michelle P." plan announced yesterday -- will help Kentucky do much more to assist the elderly and disabled if they choose to stay at home.

"All of these pieces are coming together," he said.

Phillips already is getting state assistance through a Medicaid program called Supports for Community Living. It pays for some services, including her attendance at an adult day program twice a week, which she said she enjoys.

Phillips had been on the waiting list for services from that Medicaid program when the suit was filed. She became eligible for services from Supports for Community Living while the case was pending.

But the project named after her will allow many others on the waiting list to benefit, she said.

"I'm happy I've got a place to go," Phillips said of her day program. The expanded program, she said, "will help people who don't have the services I have."