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Medicaid in Legislative Forecast



In mid-August, West Virginians gobble the last of the garden vegetables — beans, tomatoes, peppers and peas — all plucked deftly from the dirt. Green shoots will soon brown and stiffen with fall's first frosts and pumpkins will grow alongside the green and yellow gourds.

The end of summer crops signals a perennial political beginning. It's a familiar cycle, sure as school starting, wherein the West Virginia Hospital Association (WVHA) begins its preparation for the upcoming legislative session. And even in this early stage, it's clear that Medicaid will once again be one of the WVHA's top legislative priorities for 2007. As always, the Association will remain vigilant in its advocacy efforts by focusing on fair and adequate government payments to ensure access to healthcare, reduce the financial cost-shift to the private sector, and preserve the financial viability of hospitals, physicians, and Medicaid — the state's healthcare safety net.

According to the National Governor's Association (NGA) issue brief *Creating Healthy States: Promoting Healthy Living in the Medicaid Program*, Medicaid provides health and long-term coverage to more than 53 million Americans and maintains an operating budget of \$320 billion. More than a quarter million West Virginians currently are on Medicaid, more than half of them children. Given Medicaid's broad reach and high cost to states, in particular to West Virginia because of its high obesity and tobacco use which lead to serious diseases that demand expensive healthcare treatment, state officials are increasingly looking to the program to improve the health of West Virginians and reduce expenditures associated with poor health conditions. (Cont. on Page 2)

WVHA Annual Meeting to be Held

The West Virginia Hospital Association (WVHA) Annual Meeting will be held September 27-29, 2006, at the Greenbrier Resort in White Sulphur Springs. *Shifting Sands: Increasing Expectations for Healthcare Cost and Quality* celebrates 81 years of service to West Virginia by the WVHA.

Shifting Sands keynote speaker will be patient safety and human factors expert Dr. James Bagian. A former NASA astronaut, Bagian will share his ideas on the elements essential to create and sustain a culture of safety in the healthcare environment. Following the keynote presentation, Dr. Karen Davis, CEO of The Commonwealth Fund, will discuss The Commonwealth's Commission on a High Performance Health System that aims to achieve better access, improved quality, and greater efficiency in today's healthcare environment. Former chairman of the Democratic Committee — and self-described "greatest fundraiser in the history of the universe" — Terry McAuliffe will share insider knowledge of the current political environment, as well as taking a look at what the 2006 and 2008 political elections will hold. A frequent golfing partner of former President Bill Clinton, McAuliffe remains close to the political powers as a trusted confidant and advisor.

A presentation by David Ellis, Corporate Director of Planning and Future Studies at the Detroit Medical Center, will be given. Ellis recently has used his vision and understanding of the key technology trends affecting healthcare to co-found the Michigan Electronic Record Initiative.

Rounding out the presentations will be Herb Kuhn, Director of the Center for Medicare Management in the Centers for Medicare and Medicaid. Kuhn will share his perspective on several emerging Medicare initiatives that will significantly impact hospital and physician payment practices. Sister Carol Keehan, President and CEO of The Catholic Health Association, will also speak at the meeting.

(Cont. from Page 2) Experts agree that moderate weight loss, exercise, and smoking cessation strategies can save billions of healthcare dollars each year, which is a strong incentive for states to promote healthy lifestyles among Medicaid beneficiaries. Working on this theory, states are implementing a number of strategies targeted at Medicaid beneficiaries and providers. West Virginia has expanded coverage to include wellness and preventative services, and used strategies, such as pay-for-performance, disease management, and incentive programs, to improve health outcomes.

Earlier this year, the American Medical Association gave Governor Manchin an award for trying to tackle West Virginia's obesity problem. "The system has been a one-size fits all for the last 40 years," Governor Manchin said. "It's not worked... We haven't gotten people healthier. The best health is preventative health, and working together we can make an important difference now in the lives of a future generation of West Virginians."

West Virginia and other states are using the *Deficit Reduction Act of 2005* (DRA) as a tool to improve healthcare services and the health conditions of the Medicaid population. The DRA, signed into law February 8, 2006, contains a large number of changes in Medicaid policy expected to affect almost all elements of the Medicaid program.

The Congressional Budget Office estimates that the DRA will reduce federal Medicaid spending by \$11.5 billion over a five-year period and by \$43.2 billion over the next 10 years. Provisions related to premiums and cost sharing, benefits, and asset transfers make up about half of the savings associated with the DRA, and have the most significant implications for beneficiaries. Over the next 10-year period, changes to benefits and cost sharing make up a larger share of the savings (27 percent of the five years increasing to 37 percent of the savings over the 10-year period).

Under the DRA, states have flexibility to create benefit packages aimed at the healthcare needs of different populations enrolled in different states. Several states have implemented programs to encourage Medicaid beneficiaries to practice healthy behaviors and use the healthcare system wisely. The DRA eliminates the requirement that certain efforts be implemented statewide, enabling states to target alternative benefit packages to specific subsets of Medicaid beneficiaries. It also limits the comparability requirement, allowing West Virginia to tailor benefit programs and services to meet the healthcare needs of the state's different population groups.

The topics of healthcare, Medicaid, and the DRA dominated the NGA Annual Meeting held in Charleston, S.C., August 15-18. "The current system is not working," said Michigan Governor Jennifer Granholm who is following Massachusetts' Medicaid model with a proposal to create a more affordable private market for insurance, subsidies for the poor, and incentives to get businesses to cover their employees. "The states are experimenting," she added.

Governors are working with technical details of insurance markets and quality control, as well as targeting the nation's culture of eating too much and exercising too little.

States Reward Healthy Behaviors for Medicaid West Virginia Leads the Pack

Following are measures states have adopted to improve the care given to beneficiaries while lowering costs to the program. All of the new approaches have a stated goal of encouraging healthy behaviors, albeit in different ways. Some seek to provide Medicaid beneficiaries with a broader choice of health plans and providers. Several state plans, including West Virginia's, also offer *reward accounts*, in which individuals can receive credits for certain healthy behaviors that can go toward uncovered healthcare costs.

West Virginia. By obtaining a state plan amendment for its Medicaid program, West Virginia became one of the first states in the country to utilize the *Deficit Reduction Act of 2005* (DRA). Under West Virginia's *Medicaid Redesign Proposal*, enrollees are offered a choice of two benefit packages: a basic plan based on the current Medicaid service package and an enhanced package that includes non-traditional benefits. To qualify for the latter, enrollees sign an agreement with the state that they will comply with all recommended medical treatment and wellness behaviors. Tobacco cessation, nutritional education, diabetes care, and cardiac rehabilitation are but a few of the services offered through the enhanced Medicaid program. The goal of the enhanced program is to encourage people with Medicaid to adopt healthier lifestyles, making Medicaid less expensive in the long run. The West Virginia Hospital Association worked with Governor Manchin's Administration on the *Redesign Proposal*, which was approved May 2006 by U.S. Health and Human Resources Secretary Mike Leavitt.

Massachusetts. The state has adopted a plan that will increase the enrollment cap in the *Medicaid 1115* waiver known as *MassHealth* from 770 to 1,300. Enrollment caps for long-term or chronically unemployed, uninsured residents will be lifted from the current 44,000 to 60,000. The amendments to the state's *MassHealth* program also increases the income level for low-income workers to help them purchase employer-sponsored health plans. The *MassHealth 1115 Waiver Program* currently provides healthcare services to over one million state residents and has reduced the uninsured by 40 percent.

Florida. This plan, according to state officials, brings competition and consumer choice to the program. Enrollees have a more active role in deciding how they receive their healthcare by selecting from a group of state-approved managed care plans that compete for their business. While beneficiaries select a plan best suited to their needs, each plan must cover mandatory services as outlined in federal law. In addition to having a choice of Medicaid managed care plans, beneficiaries, for the first time, can *opt-out* of Medicaid altogether and receive subsidies for their share of the cost to purchase employer-sponsored insurance. Opting out is voluntary and beneficiaries may rejoin

Medicaid within 90 days of exiting the program. Also featured are enhancement benefit accounts, which call for incentive rewards for healthy behavior such as smoking cessation and weight management.

Kentucky. Kentucky offers differing benefit packages aimed at meeting the healthcare needs of different groups — children, the elderly, people with disabilities who need institutional care, and the general Medicaid population. The *Family Choices* program serves healthy children, while *Comprehensive Choices* and *Optimum Choices* serves individuals with more complex needs. *Global Choices*, similar to the state's previous Medicaid program, serves other vulnerable populations.

Idaho. The state offers three benefits packages aimed at meeting the healthcare needs of different groups — children, the disabled, and beneficiaries eligible for both Medicaid and Medicare. All of these packages are voluntary, and any enrollee who chooses one of the new plans may *opt out* at any time and return to standard Medicaid. Idaho's three plans are: the *Benchmark Basic Plan*, which serves healthy children and adults; the *Enhanced Benchmark Plan*, serving individuals with more complex healthcare needs such as the elderly and disabled; and the *Coordinated Benchmark Plan for dual eligibles* (those who qualify for both Medicaid and Medicare). All three packages offer enrollees *preventive health assistance* services, including nutritional and smoking cessation information. Idaho also has instituted a program allowing the working disabled to purchase Medicaid's basic benefits package.

Louisiana. The battered healthcare system of Louisiana is the focus of a collective, comprehensive redesign effort. The collaborative, which was created by the Louisiana Legislature during its 2006 session, initially focuses on the greater New Orleans area. It is committed to developing a blueprint for redesign of the state's healthcare system through a proposal for a large scale Medicaid waiver and demonstration program. Officials believe the end result will be a healthcare system with high quality, accessible, patient-centered care, delivery by ambulatory centers, and community-based centers. It takes advantage of opportunities for effectively sharing electronic health records, and rewards quality outcomes and patients' involvement in their healthcare.

Vermont. Vermont has an approved waiver under which a state agency receives a set amount of federal funds for each person enrolled in Medicaid. The waiver also imposes an overall *global cap* on the total amount of funds that the federal government will provide to the state. This is similar to a block grant. Federal funding for the next five years is set by the waiver terms; it will not grow based on actual costs. Vermont's goals are to: provide the state with more flexibility to maintain its broad public healthcare services; to continue exploring new ways to reduce the numbers of uninsured residents; and to foster innovation in healthcare by focusing on healthcare outcomes.

Each year, Americans spend \$1.8 trillion on healthcare, nearly 75 percent of which goes to treating preventable diseases. Our society's culture of inactivity and overeating poses serious dangers for our nation today and tomorrow. However, states can promote simple actions and provide supporting environments that encourage Americans to eat right and exercise each day. Governors can, and are, advancing action agendas that yield high returns for states to ensure strong health and economic forecasts for generations to come. Consider the following facts about West Virginia.

- Reducing cholesterol levels by 10 percent could cut the incidence of heart disease by as much as 30 percent, saving the West Virginia economy \$270 million in healthcare spending each year.
- Each year, taxpayers — regardless of health status — pay half of the nation's \$93 billion price tag for medical expenses directly attributed to obesity. In West Virginia, that translates to \$208 per tax payer annually.
- Due to the obesity epidemic as many as 6,955, or one-in-three, babies born in 2000 will develop diabetes in their lifetime.
- If one in 10 West Virginia adults started a regular walking program, the state would save \$35 million in heart disease expenditures annually — the equivalent to paying the college tuition of 6,374 West Virginia students each year.
- Within the next decade, obesity related diseases that lead to disability could spur a 10-25 percent increase in the number of people in need of nursing home care. In 2003, West Virginia has 9,963 nursing home residents. A 10 percent increase would raise that number to 19,959, and a 25 percent increase would raise that number to 12,454.

Source: National Governor's Association

Third WVDI Learning Session Held

The Third Annual West Virginia Donation Initiative (WVDI) Learning Session was held this summer at Stonewall Jackson Resort in Roanoke, West Virginia. West Virginia Hospital Association (WVHA) member hospital attendance was excellent. Lori Henshey, WVHA liaison to the WVDI, was in attendance.

The Learning Session featured a presentation by Health and Human Resources Services Administration (HRSA) organ donation collaborative consultant Helen Leslie-Bottenfield. The agenda, which featured organ collaborative data and a presentation from the Joint Commission of Healthcare Standards, included open discussions and educational *breakout* forums.

Included in the agenda were *A Hospital Success Story: 75 Percent and Beyond* by Josh Floren, Charleston Area Medical Center Associate Administrator; and a West Virginia University Hospitals panel discussion on developing donor conversion. Marjorie Knight's *A Candidate Who Died Waiting*, was both personally moving and informative. Knight, BSBA, RN, is the Wetzel County Hospital Director of Emergency and Outpatient Services. Knight was the 2002 recipient of the *North Star Award* from Lifeline of Ohio in Columbus, OH. This award was bestowed to the Hospital Administrator who made significant progress in promoting awareness of organ donation.

The Center for Organ Recovery & Education (CORE), one of West Virginia's organ procurement organizations (OPO), announced at the meeting the concept of special donor vehicle license plates. CORE must collect at least 250 preliminary applications proving that there is a significant interest from the public in purchasing the plates before the Division of Motor Vehicles (DMV) will begin design and production. To support the effort, visit www.core.org. (Please do not mail or take applications to the DMV.)

The WVDI is a collaboration of the WVHA, the states' four organ procurement organizations, and the West Virginia Department of Health and Human Resources. The WVDI, the first of its kind in the nation, represents an unprecedented original statewide initiative embracing the goal of increasing organ rates to 75 percent.

New Reporting Rule for OPOs

The Centers for Medicare & Medicaid Services (CMS) recently announced a final rule setting forth new quality measures and data reporting requirements that organ procurement organizations (OPOs) must meet to have their services covered by Medicare and Medicaid.

"These new requirements ensure that OPOs will continue to embrace the best practices of the Secretary's Organ Donation Breakthrough Collaborative," said Health And Human Services Secretary Michael O. Leavitt. "We expect the new OPO rule to result in an increase in organ donation in its first year."

The final rule contains three new outcome measures similar to previously recommended measures, requirements for reporting of OPO performance data, and new and more objective criteria for selecting the winner of a competition for an open donation service area. There is also a new appeals process for OPOs that includes an OPO's right to request reconsideration from CMS. CMS received many comments on a proposed rule that was published on Feb. 4, 2005, resulting in substantial changes in this final rule. This final rule will re-certify all 58 OPOs through July 31, 2010, and allow their agreements with the Secretary to extend until January 31, 2011, and ensure that OPOs are able to continue their organ procurement services without interruption.

State of Stroke Conference

The American Heart Association/American Stroke Association and the West Virginia Bureau for Public Health Cardiovascular Health Program are sponsoring the *State of Stroke in West Virginia* conference, Friday, September 22, 2006 at the Charleston Embassy Suites in Charleston, West Virginia. Debbie Ruppert of the West Virginia Hospital Association will be in attendance.

This one-day conference will provide physicians, nurses, pharmacists, emergency medical technicians and paramedics, as well as physical and occupational therapists, with information on the latest, most effective treatments to improve care for and save the lives of stroke victims.

The *State of Stroke in West Virginia* conference will examine ways to improve the components of stroke care. Recommendations will be presented from the American Stroke Association that encourage integrating specific care components to implement a systems process for stroke care along the care continuum, from prevention through rehabilitation. The American Stroke Association advocates that a systems approach is necessary to positively impact change in the way stroke is treated so patients have access to the most advanced treatment in care centers best equipped to deal with the critical and time sensitive needs of stroke patients.



Open discussions were a part of this summer's West Virginia Hospital Donation Initiative.