

In an overheated, politicized debate, straight talk about Florida Medicaid

Florida's Experience with

MEDICAID REFORM

In the fall of 2006, as Jeb Bush was winding down his term as governor, Florida launched an experimental Medicaid program in Duval and Broward counties. The five-year pilot program replaced traditional Medicaid with a managed-care model, with the goal of improving efficiency and reducing costs.

Now, five years, two governors, one president and a Great Recession later, the Florida Legislature faces the expiration of the pilot program and the challenge of charting the next course for Medicaid — a challenge made more complex by a host of factors:

- » The five-year pilot program has yielded little in the way of concrete evidence of either efficiencies or cost reductions. In fact, the pilot has raised significant questions about the ability of its managed care model to effectively meet the needs of beneficiaries, particularly in a turbulent market.
- » Nevertheless, the Legislature generally envisions a future where the pilot program's model is expanded statewide. However, the current administration in Washington D.C. is unlikely to be as accommodating as its predecessor in approving such a request.
- » Meanwhile, the number of Floridians enrolled in Medicaid increased by 30 percent between June 2008 and June 2010, as the Great Recession triggered record unemployment and erosion of employer-provided health insurance. Though per-person costs have remained flat, the overall cost of the program has risen, driven by this increased enrollment.
- » Federal health reform legislation, passed in 2010, creates a new set of overlays for Florida Medicaid that must be factored into future planning. The law broadens eligibility for Florida Medicaid in a way that is primarily funded with federal dollars. Added state costs are likely to be offset by savings that should result from reduced costs for safety-net providers.
- » But anti-Washington sentiment in Tallahassee leaves many Legislators hostile toward health reform and expansion of Medicaid eligibility, concerned about increased state costs and disinterested in increased federal support. And the state's projections of the cost of health reform are based on some unrealistic assumptions.

In light of this chaotic but critical situation, the Jessie Ball duPont Fund asked researchers at the Health Policy Institute at Georgetown University to examine two key components of the debate:

What can be said about the impact of the Medicaid managed care pilot on beneficiaries in the affected counties? What lessons have been learned during the last five years that should inform public policy decisions in Tallahassee?

What impact will federal health reform have on Florida's Medicaid program? Are current budget projections realistic or not, and if not, why not?

Their findings:

The lessons from Medicaid Reform:

There is no clear evidence that the managed care pilot programs are saving money, and if they are whether it is through efficiencies or at the expense of needed care.

Little data is available to assess whether access to care has improved or worsened under the pilot program.

Children, parents and people with disabilities who rely on Medicaid have experienced enormous disruption as a result of plan turnover in Broward, Duval and surrounding counties. Patients appear to be “voting with their feet” and moving from HMOs to Provider Sponsored Networks.

Special features of the pilot program — enhanced benefit programs designed to stimulate more healthy behaviors, and the opt-out program allowing beneficiaries to take advantage of employer-sponsored insurance — have had negligible impact. Only 21 beneficiaries are currently enrolled in the opt-out program.

The impact of federal health reform:

State estimates on the financial impact of federal health reform are based on unrealistic assumptions and appear overstated.

More realistic assumptions suggest costs will be at most 1/6 of state estimates and may, in fact, yield substantial savings for the state.

The researchers' reports on both of these topics follow.

Reports were commissioned by the Jessie Ball duPont Fund and authored by Joan Alker and Jack Hoadley of the Health Policy Institute at Georgetown University. Copies may be found at www.dupontfund.org and hpi.georgetown.edu/floridamedicaid. For more information, contact the Jessie Ball duPont Fund.

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