

Proposed RI Medicaid plan may mean service changes

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State lawmakers faced with a massive budget crisis will soon debate a first-in-the-nation plan to change Rhode Island's Medicaid system, a proposal that would steer hundreds of elderly people away from nursing homes and reduce medical services for the poor.

Gov. Don Carcieri, a Republican, reached the deal with President George W. Bush's administration Friday, just weeks before the head of state leaves office. Lawmakers in the Democratic-dominated General Assembly have less than a month to decide whether to accept or reject it.

The plan would set a \$12 billion spending cap on the state Medicaid program for the elderly, poor and disabled. Right now, the U.S. government reimburses the state more than 50 cents for every dollar spent on Medicaid expenses.

In return for accepting limits that save the federal government money, Carcieri would win broader authority to change the Medicaid system and use Medicaid money in new ways. But the plan comes with risks. If Rhode Island breaks the spending cap, this cash-strapped state would be responsible for the extra spending.

The state is facing massive budget deficits, and Carcieri said the new limits are necessary to keep growing Medicaid costs from overwhelming other budget priorities.

"From the state's standpoint, this is a huge win," the governor said at a news conference.

A major part of Carcieri's plan is diverting at least 475 patients from nursing homes into less-expensive alternatives. If the agreement is approved, state authorities could use Medicaid money to provide delivered meals, nursing assistance and even cover moving expenses so elderly residents could receive care at home.

An evaluation team would be responsible for dividing elderly patients into three groups based on medical need. Only those at higher risk would be guaranteed nursing-home placement.

While Carcieri said current nursing home residents will not be forced out the door, state authorities need to reduce the number of nursing home patients to stay safely under the spending cap.

Besides reducing the use of nursing homes, the plan would:

- Allow seniors to receive care in small residences catering to a handful of patients;
- Create a \$25 co-payment to discourage Medicaid recipients for making expensive trips to the emergency room for minor ailments;

- Eliminate nearly \$2 million in optional Medicaid services;
- Use federal money to subsidize programs that are currently funded by the state to help parents suffering from substance abuse and mental illness, adults with disabilities and people with HIV who would not otherwise receive Medicaid coverage.

Critics are already urging lawmakers to reject the proposal.

A deep recession has left Rhode Island with one of the highest unemployment rates in the country, and the economic turmoil will put a greater demand on the social safety net, said Joan Alker, deputy executive director of the Georgetown University Center for Children and Families.

She doubts Democratic President-elect Barack Obama's administration would look favorably on some changes the state could seek.

"The bottom line is there's so many question marks, I think the state, the Legislature would make a huge mistake in accepting this right now," Alker said.

Members of Rhode Island's Congressional delegation opposed several of Carcieri's earlier Medicaid proposals and seemed lukewarm Monday.

"My first priority is ensuring that Rhode Island's low-income, elderly and disabled citizens continue to receive access to the health care services they need, particularly during an economic crisis that has left families strapped," Rep. James Langevin said in a written statement.

State lawmakers will hold hearings on the Medicaid deal shortly after they reconvene Jan. 6, said Democratic Rep. Steven Costantino, chairman of the House Finance Committee.

Costantino said he supports the Medicaid deal in concept but wants more details on how it will be implemented.

"It's a shame there hasn't been more flexibility in Medicaid so people can keep their loved ones at home," he said.

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