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## Florida plans to slash Medicaid funds ahead of health reform

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Florida Governor Rick Scott wants to rein in state spending and has proposed using Medicaid as the major tool with which to fill in its \$2 billion shortfall.

Scott released his proposed budget for 2012-13 last month in which he plans to cut \$2 billion from Medicaid payments to hospitals. The cuts will also pay for slight increases in education and small business tax credits.

Before he became governor, Scott, a Republican, headed large for-profit hospital chain Columbia/ HCA, and he wants to bring some of his market reforms to the state's Medicaid program.

Scott said the reimbursement "adjustment" would create a flat rate for hospital groups using average costs. "No program has grown as fast and as much as Medicaid, and we must find a way to control the cost. If we do nothing, this program will bankrupt our state," he said **in introducing his budget**.

Some Florida observers believe the cuts will hurt healthcare jobs, hospitals and healthcare services.

Medicaid is one of the few healthcare issues that intersect the primary campaigns because it serves to paint a picture of increased federal involvement in health care through the Patient Protection and Affordable Care Act (ACA), which all GOP candidates have pledged to repeal. The candidates all support provisions to fund Medicaid as block grants to states without federal requirements.

Florida also leads 26 state attorneys general in a lawsuit to strike down the ACA in the Supreme Court and as such **has been dragging its feet on preparations for implementing reform**.

Florida's cuts come as other states are preparing for their Medicaid programs to swell and other major ACA provisions taking effect in 2014. The federal government pays about 58 cents for every dollar of Florida's Medicaid program.

Among other changes, Florida also plans to shift Medicaid recipients statewide to managed care companies that are contracted by the state to provide health services and meet cost-reduction goals but is still negotiating to get federal approval for waivers. Florida has piloted the plan in five counties.

The statewide expansion would include more population categories than the pilot and give the managed care plans "unprecedented flexibility" to limit and adjust the benefits, according to **a**

**policy brief last month** from the Jessie Ball DuPont Fund and the Winter Park Health Foundation, two Florida non-profits that advocate for better healthcare for all, and the Georgetown University Health Policy Institute.

With the shift to managed care, each adult and child beneficiary would have to pay a \$10 monthly premium. According to the policy brief, about 800,000 children and their parents would likely drop out of Medicaid coverage because of the per-person monthly premiums.

The policy brief found that spending growth in Medicaid is due to more people being covered, while in the private sector higher spending is primarily due to the cost of services rising.

"Florida's Medicaid program is in fact already more efficient than the private sector in containing costs—in large part due to low provider reimbursement rates," the report said, adding that per-person costs in Florida's Medicaid program have decreased by 5 percent over the past five years.

Despite its budget crunch, Florida was one of just three states that failed to take advantage of more federal funds to upgrade their Medicaid eligibility systems last year.

More than one half of states expanded and simplified their Medicaid and Children's Health Insurance Programs' eligibility, enrollment and renewal procedures in 2011, often using technology to streamline and automate processes. That efficiency helped states to continue their coverage for low-income adults and children at the same level as the previous year and in some cases increase it.

Enhanced federal funding available until 2015 drove many states to begin major development work to modernize decades-old eligibility and enrollment systems, according to **the annual 50-state Medicaid and CHIP survey** released earlier this month by the Kaiser Family Foundation's Commission on Medicaid and the Uninsured and Georgetown University Center for Children and Families.

While the higher matching funds will help states' systems handle the spike in Medicaid eligibility in 2014, more importantly it has enabled states to better serve those currently eligible and is long overdue, said Tricia Brooks, senior fellow from the Georgetown University Health Policy Institute.

**[See also: How politics distort Americans' perception of health reform. ]**

"States have been putting Band-Aids on these decades-old mainframe systems to get by," she said at a Jan. 18 briefing. These programs are not going to go away, even if health reform is struck down or repealed, she said. States have been making incremental gains, and they need the technology to back them up,

Indeed, South Carolina **has established express-lane eligibility** by using the enrollment data from other safety-net programs and plans to expand it.

"The systems in South Carolina like other states need updating, and updating them will make for more efficient government," said John Supra, CIO and deputy director of eligibility and beneficiary services at South Carolina Department of Health and Human Services.

There is no reason to stop that movement forward "because it's good for process improvement, and it's good for improved and more efficient government," he said.

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