

FINAL REPORT
SENATE SELECT ALTERNATIVE FUNDING FOR MEDICAID AND OTHER HEALTH CARE FEDERAL FUNDING COMMITTEE
SR 345 (2013)

COMMITTEE MEMBERS:

Senator Josh McKoon, 29th, Chairman
Senator Tim Golden, 8th
Senator Renee Unterman, 45th
Senator Valencia Seay, 34th
Senator Jack Hill, 4th
Virginia Galloway – Americans for Prosperity
David Tatum – Children’s Healthcare of Atlanta
Blake Fulenwider – Governor’s Office of Planning and Budget
Jason Fernandes – Director Senate Budget and Evaluation Office

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INTRODUCTION/BACKGROUND

States have always played a central role in providing health care access for the poorest Americans, including here in Georgia. Until 1965, this issue was almost completely the province of state and to a lesser extent local government. In 1965, with the passage of Title XIX of the Social Security Act, Medicaid was created as a means tested program to be a partnership between the federal and state governments.

The original concept was that states would design and administer their own health care program but the federal government would have a limited oversight role to maintain certain minimum standards. However over the four decades since passage, Medicaid has evolved into a mess that is unnecessarily complicated, encumbered by a large bureaucracy to administer it and a program that as currently structured is not affordable and is unsustainable in Georgia. We have seen this trend continue as Medicaid spending increased even in the face of cuts to virtually every other aspect of state government spending. Just this year the General Assembly was forced to renew a tax on hospitals to cover a sudden and unexpected \$700 million shortfall in our obligation to Medicaid.

Nationwide Medicaid enrollment has increased to 20% of our overall population or more than 69.5 million enrolled and Georgia is no exception to this trend with approximately 1 in 5 Georgians on Medicaid. Distressingly, Medicaid enrollees are finding it more difficult to access care. According to a recent national survey of physicians, 54.5% of primary care physicians, 45.6% of medical specialists and 49.3% of surgical specialists are no longer accepting new Medicaid patients.

Furthermore, in a survey of 1,800 emergency room physicians, 71% expect emergency visits to increase and 47% anticipate overall conditions will worsen for patients. It is anticipated overutilization of emergency rooms nationwide will cost an additional \$35.8 billion in expenditures over projected health care costs.

FINDINGS

There are numerous challenges to developing an alternative to Medicaid as it exists today.

First, we find that the status quo with respect to Medicaid is financially unsustainable and must be substantially reformed to insure the future of some program to provide health care access to indigent Georgians.

Second, we find that Georgia must be given the flexibility to create and manage a Medicaid program that works for our patient population. This will require the federal government to rescind requirements that focus on compliance with bureaucratic processes that have little to do with quality of care or outcomes for patients.

Third, we find that there should be an emphasis on prevention and wellness to reduce onset of chronic and preventable illnesses.

Fourth, we find that Georgia must examine how the aged, blind and disabled Medicaid population are administered to identify savings in this area where the overwhelming number of dollars are expended.

Finally, we find that fraud, waste and abuse continue to be a significant driver of Medicaid cost and measures must be taken to reduce these factors to make Medicaid financially viable.

RECOMMENDATIONS

1. Provide Georgia with an option to define and negotiate a broad outcome based Program Operating Agreement (POA) with CMS. This agreement would replace the byzantine network of reviews that currently exist in favor of a system where oversight would only be triggered in the event of a significant deviation from projected metrics of which there would be a few agreed upon.
2. Repeal Maintenance of Effort requirements established by PPACA to return flexibility to Georgia so we may tailor eligibility requirements to meet the needs of our population.
3. End federal contractor relationships to identify fraud and return that responsibility to the state of Georgia. Redirect the existing funds to state government to allow state agencies that are closer to our provider network and better able to chase down fraud to do so.
4. Allow all Georgia licensed dentists to serve as Medicaid providers without any certification process, their state licensure should be sufficient. This will increase access to care.
5. Study and look for ways to emulate the Healthy Indiana Program for existing Medicaid population requiring greater personal responsibility on the part of enrollees.
6. Expand coverage for preventative and wellness treatment to include dental and nutritionist consultation. Reducing preventable and chronic illness where almost 70% of existing Medicaid dollars go will provide greater financial stability to the entire program.
7. Allow for Georgia to contribute through Medicaid funds to private insurance benefits and/or health savings accounts for enrollees instead of traditional Medicaid.
8. Provide financial incentives for providers to offer low cost alternatives to emergency departments for triage and treatment of non-acute health conditions.
9. Provide incentives to enrollees for pursuing wellness behaviors.