

## **Reform Commission Issues Final Report; Dissenter Notes Bias Toward Institutions**

BNA, January 2, 2007

The Medicaid Commission issued its final report and recommendations Dec. 29, calling for "fundamental reform" of the government entitlement program to ensure its long-term fiscal sustainability.

The report calls for greater efficiency in the Medicaid system and an emphasis on preventive care and achieving high quality health care outcomes. The commission said it also recommends providing long-term care in the least restrictive setting, adopting interoperable health information technology, and coordinating care across providers and health care centers.

The key principles embodied in the report are recognizing the long-term value of investments in quality, supporting state flexibility, and encouraging personal responsibility/rewarding healthy behaviors among beneficiaries. In the report, the commission calls on federal agencies and Congress to develop a fiscally sustainable plan for meeting U.S. future long-term care needs.

The report denounces a "one-size-fits-all" approach to Medicaid, and recommends that states be given greater flexibility to design benefit packages, including establishing separate eligibility criteria for acute and preventive medical care services and for long-term care. The report also recommends allowing states to replicate demonstrations that have operated successfully for two years in other states, using an abbreviated waiver application.

"States have demonstrated success with innovative approaches to addressing the health care challenges they face, and we believe that beneficiaries will be best served if states are given additional flexibility to innovate," the report said.

### **Two Members Dissent From Report**

Two commission members dissented from the report, including Gwen Gillenwater, who represents the American Association of People with Disabilities. She said the report fails to address the Medicaid program's "institutional bias," such as the fact that only 37 percent of Medicaid expenditures for long-term care are for home or community-based services (HCBS). One state, Tennessee, spent only 0.6 percent of its long-term services budget on HCBS in 2005.

She said that, while beneficiaries who meet a state's criteria are eligible for nursing home care, those who want home or community-based care often are subject to long waits, as much as two years. When it comes to correcting the institutional bias, the report's recommendations simply restate the obvious, and "do nothing to address the myriad of state policies and programs that determine who can and cannot qualify for HCBS," Gillenwater said.

They "may make some people feel good, but they will do absolutely nothing to ensure that all low-income Americans at risk of institutional care have the option of receiving HCBS services, regardless of the state in which they live," she said of the recommendations.

Gillenwater also takes issue with the commission's recommendations to allow states to enroll beneficiaries dually eligible for Medicaid and Medicare into managed care plans, some of which may restrict medical tests or use of prescription drugs and have an incentive to withhold services to boost profits. "I cannot in good conscience support a recommendation that allows automatic

enrollment of dual eligibles into 'other mechanisms' without minimum protections to ensure the individual's right to appropriate, functionally necessary services and equipment," she said.

The other dissenter, Robert B. Helms, resident scholar with the American Enterprise Institute, said that the recommendations fail to adequately address the "out-dated and ill-conceived" method for determining the level of federal financial support to the states. The current financing system, determined by the Federal Medical Assistance Percentage (FMAP) formula, has failed to allocate subsidies to the poorest populations, he said. For example, Helms stated that the poorer the state, the less federal funds per low-income person the state receives.

The Galen Institute, a nonprofit market research group in Alexandria, called the final recommendations in the report "carefully bold," respecting the programs' role in serving low-income and disabled people, but also recognizing the imperative to improve the program, according to a statement from Galen Institute President Grace-Marie Turner, who is also a member of the Medicaid Commission.

"The testimony was overwhelming that states need more flexibility to be creative in meeting the needs of their citizens without having to go through years of wrangling with Washington for permission to make changes," Turner said.

The Medicaid Commission was established by charter to develop recommendations to improve the program and achieve \$10 billion in Medicaid savings over five years. The commission was required to submit by Dec. 31, 2006, to the health and human services secretary a report making recommendations to ensure the long-term sustainability of Medicaid.

*The report is at <http://www.aspe.hhs.gov/medicaid/122906rpt.pdf> online.*