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TESTIMONY REGARDING MEDICAID

LEGISLATIVE COMMITTEE ON HEALTH CARE
MAY 6, 2008

INTRODUCTION

Madam Chair and members of the committee, for the record, I am Jon Sasser, representing Washoe Legal Services. I also serve as the Vice-Chair of the Department of Health and Human Services (HHS) Strategic Plan Accountability Committee (SPAC) for People with Disabilities; Advocacy Chair of the Nevada Covering Kids and Families Coalition; Vice-Chair of the Nevada Health Care Reform Project and a member of the Advisory Committee for the Division of Health Care Financing and Policies Real Choice Systems Change Grant.

I. Background

As Patricia Durbin, Executive Director, Great Basin Primary Care Association (GBPCA) testified at your 4/10 hearing, Nevada has one of the highest rates of uninsured in the country (18.3%). GBPCA's study shows that between 2000-2006 the number of uninsured grew from 357,403 to 449,749 (92,346). Although the study will not be updated until 1/09, Ms. Durbin predicted based upon other indicators that the number of uninsured has continued to grow dramatically since 2006.

Nevada's Medicaid program, as you know, ranks 51st in per capita spending and near the bottom in Medicaid enrollment as a percentage of our total population. Based on the work of EP&P Consulting during the last interim, I think that it is fair to say that our low Medicaid participation is the primary reason for our high uninsured rate.

EXHIBIT K Health Care X Entire document provided. Due to size limitations, pages ____ provided. A copy of the complete document is available through the Research Library (775/684-6827) or e-mail library@lcb.state.nv.us.	Document consists of 6 pages. Meeting Date 5/06/08
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Last week, the U.S. Census Bureau released a report showing that Nevada ranked last in federal money returned per capita to the state in 2006-07*. Nevada got \$5,852 per capita that year, with the biggest discrepancy in Medicare and Medicaid. The national average was \$1,891 per resident while Nevada got \$1,001 per resident. As Chuck Duarte states in the article, Nevada has a “relatively basic” Medicaid program -- which-- “is close to having only the coverage required by federal law”.

Our Medicaid caseload skyrocketed early in the decade, next flattened out, actually dropped for two years and has now risen steadily for the past 12 months. After booming between FY '00 – FY '03, Nevada Medicaid enrollment flattened out†. Caseloads increased 18.3% between FY'00- FY'01, 20.04% between FY'01- FY'02 and 15.6% between FY'02- FY'03. Between FY'03- FY'04 the caseload increased 5.6% and grew by only 0.9% between FY'04- FY'05. From a high of 174,670 in 10/05 the caseload declined to 165,771 in February '07 (see Attachment 1). At that time the Legislatively approved caseload was 194,463.

Based on these trends (and a planned “pay for performance” system in TANF which was projected to dramatically decrease caseloads), the Governor recommended and the Legislature approved a much lower caseload for this biennium. The approved caseload was expected to grow slowly from 167,962 in 7/07 to 175,521 in 6/09.

What happened? Caseloads immediately started growing in 3/07 and have climbed steadily. The “pay for performance” system was not implemented following a letter of intent from Ways& Means late in the session, but approved caseloads were not adjusted. As of 3/08, the actual Medicaid caseload is 183,526 which is 12,057 above the approved caseload of 171,469 for that month.

II. This Biennium

Because of its bare bones nature, our Medicaid program is particularly vulnerable in the present budget crisis. Under the circumstances, I want to first say thank you to the Governor, Mike Wildden and the Legislature that cuts have not been more severe. As you know at one point last Fall, Health & Human

*RENO GAZETTE JOURNAL, *Nevada ranks last in federal money*, Steve Timko, April 29, 2008

† The following statistics are from the Division of Health Care Financing and Policy's “*BUDGET PRESENTATION TO LEGISLATIVE COMMISSION'S BUDGET SUBCOMMITTEE, FY08- FY09*”, January 30, 2007

Services was targeted for an 8% cut. That 8% was reduced to 4.5% which translated to a \$42.4 million General Fund to Medicaid/Check .Up.*

That deficit reduction plan warned that if Medicaid case loads increased, further cuts may be necessary†. As stated, Medicaid case loads did increase. Some \$20 million in Medicaid spending was moved from SFY '09 back to SFY '08 due to a cost overrun. Prior to the latest round of budget cuts, increased caseloads were projected to cause a \$60.7 million shortfall in FY09. Instead of cutting services, however, the latest plan calls for making up for that shortfall by cuts in other areas and exhaustion of the Rainy Day fund. For this I am very grateful.

I worry, of course, that we are not out of the woods yet for this biennium. Already we know that some \$4 million in projected savings will not occur because of the inability to expand managed care into the rural areas. Moreover, there is the specter of both a failure by Congress to extend moratoria on regulations proposed by CMS which would shift costs to the States, a failure to stop the regulation which went into place on March 3rd regarding “targeted case management” and a potential failure by CMS to make the wrong decision regarding Nevada’s proposed State plan amendment./”single page review” which currently is frozen until August, 2008. If implemented, the Division of Health Care Financing and Policy’s (HCFP) has estimated that Nevada will lose \$262 million in Medicaid funded services over the next five years unless we replace federal dollars with state General Fund.

While I am grateful that no current services to clients have been cut to date, I must express great sadness regarding the elimination of several “enhancements” funded by the last Legislature which were never implemented. As you will hear from some witnesses following me, these services were vitally important to needy Nevadans. Included are:

- the \$1.9 Million Dollar expansion in the WIN waiver for Traumatic Brain Injury (TBI) services
- a roll back of the approved elimination of the unearned income cap in the Health Insurance for Work Advancement (HIWA) program

* Department of Health & Human Services, *Summary of 4.5% Budget Reduction* (Revised 1/10/08) at http://dhhs.nv.gov/Budget/DHHS_Budget_Reductions.pdf. Moreover, additional enhancements (primarily a planned rate increase for physicians) were removed to cover a projected loss of \$19.7 million in Federal Matching Assistance (FMAP) in FY09, when Nevada’s FMAP is scheduled to decline from 52.64% federal share to 50%, beginning in 10/08

† Department of Health & Human Services, *Summary of 4.5% Budget Reduction* (Revised 1/10/08) at http://dhhs.nv.gov/Budget/DHHS_Budget_Reductions.pdf

- elimination of \$10 million in dental services which were to be funded tobacco settlement funds for seniors/persons with disabilities.

I must also express concern regarding some services which, in theory, have not been cut, but for which waiting lists continue to grow. The cause for the continued growth is apparently the former problem of recruiting and training social workers coupled with the hiring starts/freezes we have experienced over the last few months.

According to the information on HCFP's web site* (Attachment 2), the waiting list for the WIN waiver has gone from 127 in July, 2007 to 165 in February, 2008. The average wait time in months has grown during that period from 3.71 months to 6.80 months. According to testimony you will hear following me, the real time for clients to actually receive services is more like 12 months. As you know, the Olmstead decision includes a State's provision of services in an institutionalized setting instead of in the community as discrimination under the Americans with Disabilities Act (ADA). In moving people from institutions into the community, states are allowed to have reasonable waiting lists, which are commonly defined as 90 days. Nevada is becoming more and more vulnerable to an Olmstead challenge and budget woes are no legal defense.

Another issue for the biennium is an action being considered by the Division of Welfare & Supportive Services (DWSS). In order to improve Nevada's work participation rate in the TANF program, DWSS adopted increased work incentive disregards. These disregards allowed more clients to keep TANF benefits upon returning to work. Those working and receiving TANF count as successes in our work participation rate. Because of Medicaid case load growth, DWSS announced at public workshops last month that it was considering eliminating these disregards for Medicaid in order to get TANF recipients off the Medicaid rolls sooner.

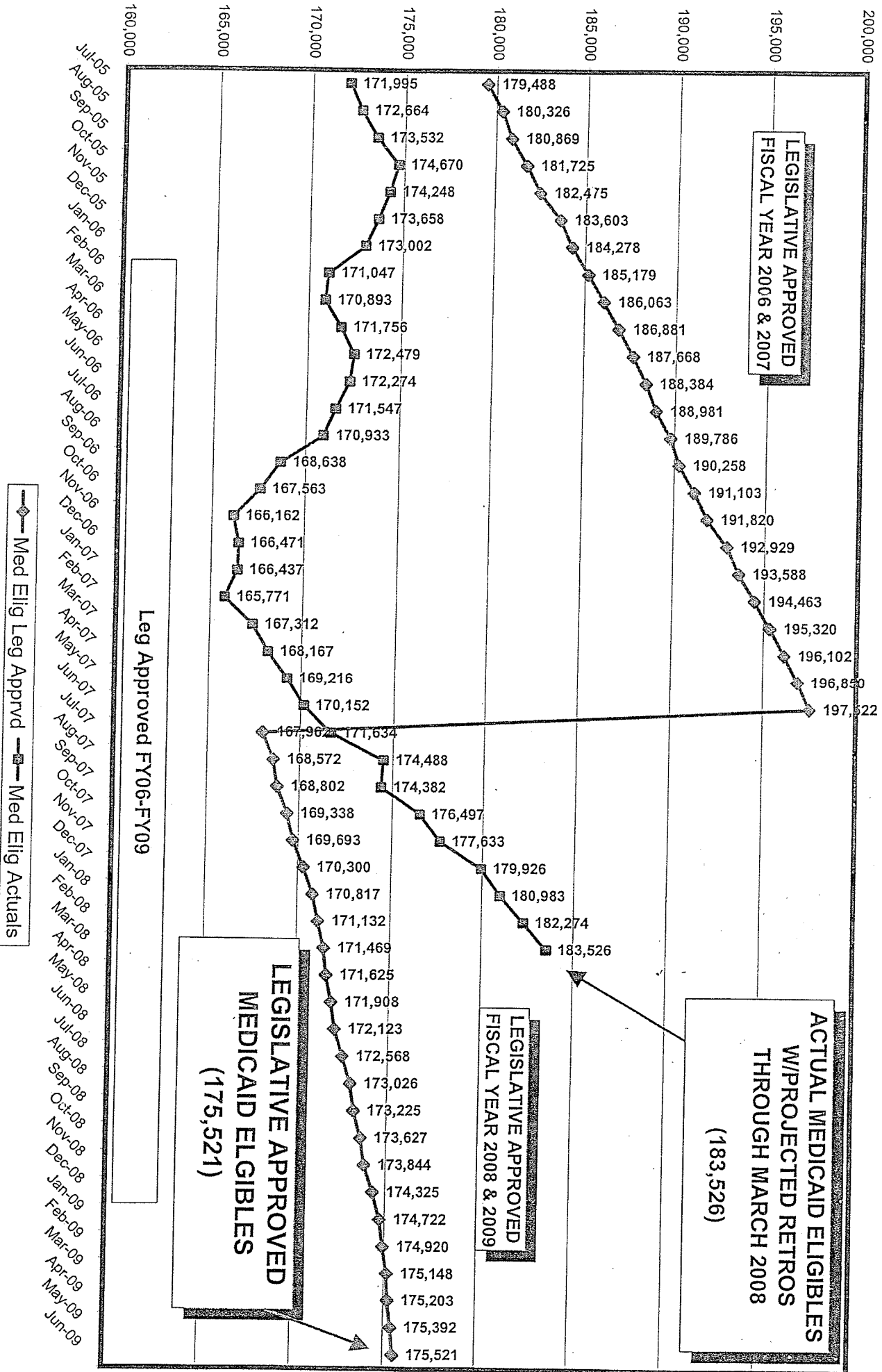
III. Next Biennium

My largest concern is Medicaid funding for the next biennium. The base line for the Medicaid budget now will become the post cut level of funding. News articles indicate that the State's base budget is \$800 million less for the next biennium. In other words, an additional \$800 million in revenues would need to be raised prior to any extra for case load growth or cost of living increases.

As you know, the cost of medical services rises far faster than the Consumer Price Index (CPI). Therefore, unless something dramatic changes in terms of tax increases, an economic turn around or a Congressional bail out, Medicaid will face real cuts in the number of people being served and the services which they receive. Since we already have a bare bones program, I shudder at what this may mean.

* See <http://dhcfp.state.nv.us/pdf%20forms/CLEO/web%20WIN%20Csld%20web%20copy.pdf>

MEDICAID ELIGIBLES LEG APPROVED COMPARED TO ACTUALS FY06-09



SFY 2008

	WIN WAIVER SFY 2008			
	End-of-the-month cases - see (1) below	End-of-the-month cases plus cases closed during the month - see (2) below	Medicaid WIN Waiver wait list - see (3) below	Average wait time in months
Jul-07	581	590	127	3.71
Aug-07	576	588	138	3.45
Sep-07	557	568	130	3.75
Oct-07	565	571	137	5.60
Nov-07	570	577	153	4.37
Dec-07	565	573	145	5.60
Jan-08	556	570	154	6.70
Feb-08	550	563	165	6.80
Mar-08	550	563	0	0.00
Apr-08	0	0	0	0.00
May-08	0	0	0	0.00
Jun-08	0	0	0	0.00
TOTAL	5,068	5,154	1,149	39.98
SFY 2008				
Avg Cslid				
2008	563	573	128	4.44
2008				