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Northwest Health Law Advocates

CONTINUING THREAT TO MEDICAID:

DSHS REVIVES THE MEDICAID DEMONSTRATION WAIVER PROPOSAL

May 2002

In the fall of 2001, Washington State's Department of Social and Health Services (DSHS) sent the federal government a blanket request to make sweeping, unspecified changes to our Medicaid program. The unprecedented proposal was met with a groundswell of opposition by community leaders, health care advocates, and health care providers.

Serious concerns about the proposal's potentially devastating impacts were raised by community members and advocates for people with disabilities, seniors, low-income families, children, and others. Numerous organizations and individuals submitted questions and comments to DSHS urging the agency to reconsider its proposal. Yet, in November 2001, DSHS submitted the request without any serious attention to the opposition and concerns raised by stakeholders and the public.

Health care advocates urged the federal government to reject DSHS' troubling waiver proposal. On January 25, 2002, the federal government denied the blanket request, citing concerns about the proposal's vagueness and the lack of public process surrounding it.

Is DSHS still seeking a demonstration waiver?

Yes. DSHS plans to submit an amended request to the federal government in the summer. Full details have not yet been shared with the public. However, a May "Draft Concept Proposal" lists many of the same changes originally proposed in November 2001, still without specifics. Again, DSHS is seeking new powers to close health care programs and establish waiting lists, collect premiums, charge copayments, and cut services. According to a DSHS fact sheet, the Department hopes to have federal approval by the end of the year and put the waiver in place by July 2003.

Yet DSHS' renewed effort to obtain a waiver still troubles health care advocates and our elected representatives. On May 8, Washington's Congressional delegation sent a letter to the head of the Centers for Medicare and Medicaid Services, which oversees the Medicaid program, expressing numerous concerns about DSHS' waiver proposal.

Prepared by Northwest Health Law Advocates, 1820 E. Pine Street, Suite 322, Seattle, WA, 98122, (206) 325-6464, May 2002.

Are these good "management tools" for Washington State?

DSHS has stated clearly that the demonstration waiver is a strategy for limiting Medicaid expenditures—a short-term cost-cutting approach instead of a long-term investment in our state's health. In January, Doug Porter, Assistant Secretary for the Medical Assistance Administration of DSHS, told legislators that "the performance measure that we are going to focus on the most with regard to [the waiver] is our ability to stay within our allotted appropriation." This focus does not appear to have changed in the revived proposal.

Concerns raised by advocates, legislators, and community leaders regarding health outcomes have never been seriously factored into the waiver equation. In addition, no studies or fiscal analyses have been offered to support the value of the approach taken in the proposal. Washington State deserves a well thought-out health care policy, supported by strong fiscal and health status analysis. However, the changes proposed by DSHS will likely result in devastating health consequences in exchange for short-term savings.

Program closures and waiting lists: a recipe for emergency-room care

Under the waiver proposal, the state would have the power to shut down enrollment and set up waiting lists in health care programs. DSHS has not specified who would be affected (the "demonstration population"), but it could include children, workers with disabilities, low-income women battling breast or cervical cancer, and seniors or people with disabilities who need nursing home care. Program closures and waiting lists would be triggered if the legislature did not appropriate enough funding for the number of people who become eligible for Medicaid.

Hospital emergency rooms and community clinics would pick up the burden for meeting the health care needs of people who are refused Medicaid and cannot afford insurance. This would represent a devastating retreat from Washington's commitment to ensuring access to primary care and effective treatment for people in need. And there is no evidence that this approach saves money: those who postpone care while on the waiting list may well cost more for the state to treat once they are finally enrolled.

Premiums: adding to the ranks of the uninsured

If the waiver is granted, the state will be permitted to collect premiums from a broad range of enrollees with income above the poverty level. (The 2002 federal poverty level for a family of four is $18,100 a year.) According to DSHS, premiums and copayments would amount to as much as 5% of a family's income, and in some cases more. For a family of four living on $20,000 a year (above the official poverty level) this would amount to $1,000 a year—money they are not likely to have after paying for rent, utilities, food, and other necessities.

Why adopt premiums? DSHS claims that premiums are a way for families to "contribute toward the cost of their medical coverage." However, the experience of local community health centers and multiple studies indicate that requiring premiums from low-income families and individuals is likely to have the opposite effect—that of making the coverage inaccessible.

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It's also far from clear that the cost of administering premiums won't outweigh the gains—unless savings are expected from low-income people losing coverage rather than from revenue generated. Again, hospital emergency rooms and community clinics would be the only health care options for these uninsured people, further straining our health care system.

Copayments: limiting access to cost-effective care

Medicaid enrollees would be charged copayments for many brand-name prescription drugs and for non-emergent use of the emergency room. DSHS says that the purpose of copayments is to "encourage and direct appropriate use of services." Yet it's unlikely that copayments are a suitable tool for achieving this purpose.

It's true that Washington has not taken enough action to control the cost of prescription drugs. *But shifting the burden onto low-income people is no way to fix this problem*. Adding increased costs to already-existing measures to limit brand-name prescription drug use is likely to have devastating results. This increased administrative complexity will hamper, rather than encourage, appropriate use of prescription medications. Washington would be far better served if agencies had effective mechanisms for negotiating more reasonable prices from the pharmaceutical industry, a highly profitable beneficiary of our Medicaid program.

The proposed emergency room copayment also raises serious questions. The Medicaid program has been beset with access problems that need to be addressed—many people covered by Medicaid have difficulty finding providers when they need them. Emergency rooms may be their only choice. But the solution to this problem is not to discourage individuals who already have limited access from seeking care when they need it.

Cuts to benefits: which clients deserve which services?

Finally, DSHS is seeking powers to cut benefits and provide different benefit packages to different client groups. DSHS says that the reduced coverage would be based on a "Basic Health program 'template' plus patient therapies and durable medical equipment." There are no figures included in the draft concept proposal regarding the savings that could be achieved through reduction in benefits packages. Yet, in its draft concept proposal, DSHS is already asking the question of what additional benefits could be cut for adult enrollees, a disproportionate number of whom suffer from chronic conditions or is elderly or disabled.

In addition, increasing complexity has its cost—it places additional burdens on the providers who treat patients covered by Medicaid. According to the Yakima County Health Care Coalition, "with constant disruptions to the patient-provider relationship, and a more complex matrix of varied benefits within the Medicaid program, private providers are considering limiting or refusing services to Medicaid patients. The care of these patients will shift to hospital emergency rooms."

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Does the waiver include a coverage expansion?

In addition to requesting permission to make far-reaching cuts, the state is asking to use unspent dollars from the State Children's Health Insurance Program (SCHIP) to cover parents and some childless adults. Health care advocates have long supported such a proposal. However, there is no reason it must be attached to a request to eliminate coverage for other people who need medical coverage.

Who is most deserving of health care? DSHS asks you the question.

Many of the decisions on who would be affected by the waiver have not been made: seniors, children, people with disabilities, or low-income workers? Who is most deserving of care? When DSHS comes to your city or town for public input in May or June, they will want you to answer these questions.

At a town meeting held in Spokane on May 21, DSHS distributed a form for public input. This survey asks for responses to questions about how amounts for premiums and copayments should be set and which client groups should be included in program closures. There is no space in the form to raise questions about whether such measures are the right approach.

Whose coverage should be cut? How high should health care premiums for low-income people be? DSHS is asking you, but you should tell DSHS that these are the *wrong* questions to ask.

What are the questions we should be asking?

- Why is Washington backing away from its commitment to health care, now that this commitment is more important than ever?
- Shouldn't our efforts be directed to identifying revenue sources to support continued coverage for essential services to low-income individuals?
- Shouldn't Washington focus on becoming a smarter purchaser of prescription drugs rather than reversing the gains that we've achieved in improving health care access?

What you should do today:

1. Send a letter or comments to: Medical Assistance Administration, ATTN: Medicaid Waiver/Rick Pannkuk, P.O. Box 45500, Olympia, WA 98504
2. E-mail DSHS: pannkre@dshs.wa.gov
3. Attend a town hall meeting near you. Call 1-800-562-3022 or go to https://wws2.wa.gov/dshs/maa/medwaiver/calendar.htm for dates, times, and locations.

TELL DSHS: DON'T WAIVER ON HEALTH CARE!

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