

Big cuts to Illinois' Medicaid

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Shortly after blogging about Illinois' budget deficit, House lawmakers approved \$1.6 billion in Medicaid cuts yesterday, adding a \$1 per-pack cigarette tax to increase revenue. Reductions in eligibility, provider rates, and cutting/eliminating programs make up the approved cuts, with other parts of a \$2.7 billion Medicaid reform package waiting to be passed. These reforms have been a mainstay in Illinois Medicaid Advisory Committee (MAC) discussions for the past year. The Department of Healthcare and Family Services (HFS), responsible for Medicaid, was underfunded by almost \$2 billion this year, which combined with the end of an enhanced federal match. MAC estimates that at the end of this fiscal year, HFS will have about \$1.8 billion in unpaid bills.

HFS utilized the Civic Federation to crunch budget numbers and create a five-year plan predicting outcomes if the state did not make any changes to its current Medicaid practices. This amounted to \$22 billion in unpaid bills, meaning vendors would not be paid for a year. MAC looked at:

- Reducing eligibility for children from 300 percent to 200 percent of the federal poverty level (FPL)
- Reducing eligibility for family members enrolled in FamilyCare from 185 percent to 133 percent of the FPL
- Reducing eligibility for state-only funded programs

Cutting optional services such as prescription drug coverage for adults represented a savings of \$800 million. If all adult options were eliminated, project savings would be \$1.9 billion. MAC is also looking into Medicaid utilization controls for further savings.

Illinois is currently procuring a phased Coordination Care Innovations Project, in which the state is looking to redesign its health care delivery system with a more patient-centered model to improve health outcomes, enhance patient access, and patient safety. The state is seeking a coordinate care system with emphasis on managing transitions between physical and mental health and substance abuse. The first-phase solicitation received 70 letters of intent to participate in the innovations project for adults. The next phase will be for care for children with complex health needs, and a separate solicitation for dual Medicare/Medicaid care integration.