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Gov. Bush's staff puts final touches on proposed Medicaid overhaul

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TALLAHASSEE · Gov. Jeb Bush's top health administrators have put finishing touches on a proposal to turn Florida's Medicaid program into the nation's first statewide market-based health insurance system.

The Florida Agency for Health Care Administration published details Wednesday of a Medicaid overhaul that has been under negotiation for months with federal authorities. The state will submit its application for a federal waiver officially in 30 days to the Federal Centers for Medicare and Medicaid Services.

While federal and additional state legislative approval is pending, aides to the governor are hoping the changes can begin next spring, starting only in Broward County and the Jacksonville area.

Florida legislators will likely take up the issue again in a special legislative session, possibly this fall. Statewide implementation isn't expected until 2010 or later.

Under Bush's experiment, thousands of Medicaid enrollees in Broward, Duval and its surrounding counties would go out into the market to buy health insurance based on a premium amount that the state sets. The "risk-based" premium, paid by the state, would be linked to a Medicaid recipient's health status. An older person with diabetes, for instance, would be allotted a higher premium than a healthy teenager.

In Broward County, most patients are likely to sign onto a managed-care plan offered by the South Florida Community Care Network -- a consortium of doctors, pharmacists and other providers associated with the North Broward Hospital District, the South Florida Hospital District and Jackson Memorial Hospital in Miami.

But Alan Levine, Bush's top health aide, said he expects Broward's Medicaid population will get to choose, at least initially, from about six or seven other managed-care plans.

A handful of private health maintenance organizations already doing business in South Florida are expected to participate. In addition, other plans to join likely include: a specialized pediatric-care network; two minority-provider health plans, PhyTrust and NetPass; as well as a health network aimed at providing services to the HIV/AIDS population.

The reason for restructuring the state's \$15 billion annual Medicaid program, said Levine, secretary of AHCA, is to give patients better care at less cost to taxpayers. He said Florida, like many states, is struggling to manage Medicaid spending growth. Florida's costs of the health program for the poor has been rising 20 percent or more

a year. At that rate, Medicaid would consume about 60 percent of the state's budget in 10 years.

Currently, new Medicaid enrollees receive "fee-for-service" benefits and the state has little control over their spending. But the proposed network plans would have an incentive to diagnose and treat health problems quickly, said Medicaid Director Tom Arnold.

Critics, though, view it as a radical change from Medicaid's traditional guarantee of services. They predict that the plan will shift unpredictable health costs from the state to individual recipients.

State legislators tentatively approved Bush's plan this spring. Under a concession to critics, legislators will get to study the proposal again -- likely in a special legislative session later this year.

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