

## Questions surround changing Medicaid

By Mark Hollis  
Tallahassee Bureau

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TALLAHASSEE -- Even as Gov. Jeb Bush's state health regulators put the finishing touches on their formal federal request to start a new kind of Medicaid system in Broward and Duval counties, the key unanswered question is the financial gamble of throwing out the current "fee-for-service" system.

"Our biggest fear is that the current system is going to just get steamrolled and that the infrastructure that exists today, while not perfect, gets dismantled and leaves us with nothing but permanent harm," said Anne Swerlick, deputy director of Florida Legal Services, a patient-advocacy group.

But Alan Levine, the governor's point man on Medicaid reform and the secretary of the state Agency for Health Care Administration, said, "This model does not cut Medicaid."

Bush's "empowered-care" plan shifts Medicaid recipients into managed-care networks such as private health maintenance organizations.

Legislators gave the idea a tentative OK this spring, approving a start that would affect about 250,000 low-income residents in Broward County and the Jacksonville area. If a federal waiver is approved, state lawmakers will have to give a final nod, maybe in a special session later this year.

Under the plan, the state would control its costs by paying a lump sum to insurers, ending the current fee-for-service system that allows patients and doctors to decide for themselves how many health-care services they need.

For patients, the changes may mean restrictions on the types of medicines they are now getting or limits on the number of doctor visits.

For doctors, pharmacies and hospitals, the changes may mean new provider-service networks could cut them out of their plans. One concern is that mom-and-pop drugstores or any number of doctors could be left out of the networks.

Tony Carvalho, a hospital-industry lobbyist, said health networks and medical providers are not prepared to accept the gamble of leaving a fee-for-service system. The risk comes, he said, because Bush's proposal limits the per-patient reimbursement while leaving the networks responsible for providing all the care that any patient they enroll may need.

"In some cases, the [reimbursement] will be more than enough, and in other cases, the fee won't be nearly enough," Carvalho said. "If not careful, and they don't control the costs, they can end up taking a big loss."

Levine and some health-policy experts say the impacts on the poor and disabled will be less obtrusive than what opponents predict and the risks for insurers not as great as critics fear. They say new provider-service networks will reduce Medicaid budget increases of about 13 percent a year to more like 5 or 6 percent a year because they will have incentives to reduce waste and eliminate fraud.

Bob Wychulis, president and chief executive officer of the Florida Association of Health Plans, a

trade group that supports Bush's overhaul, said insurers are skilled at finding ways to save -- and turn a profit. They will do so, he said, by reducing use of emergency rooms for ordinary care and doing more preliminary work to find patients with potential troubles such as diabetes, cancer and heart disease.

Under the plan, hospitals and physician groups will be able to offer Medicaid insurance by forming provider-service networks.

Three Florida health systems already do double duty as Medicaid insurers, though on a fee-for-service basis. Bush's plan will transition those programs into one where the insurers get a lump-sum payment for each enrollee.

Mark Knight is chief financial officer of one of those health systems -- the North Broward Hospital District, a four-hospital system that is supportive of the governor's proposal. The provider-service network there now has about 18,000 Medicaid recipients. Under Bush's plan, that system could expand tenfold within just a few years.

"We believe that through stronger case management and better disease management, we can put more lives into the program and the bigger the savings we'll be able to achieve," Knight said.

Some legislators, including Republicans, are still skeptical, and showed it this week at a meeting of Duval County legislators and health regulators in Jacksonville.

Sen. Jim King, a Jacksonville Republican and former Senate president, blasted the proposal during questioning of Levine, saying the governor's plan brings too much uncertainty for patients, doctors and pharmacists.

"We got exactly what we needed [from the Legislature]," Bush recently said of the Medicaid-reform bill. "We're pursuing it . . . There's gathering support for this."

Federal waiver approval is likely to be swift, Levine said. Jeb Bush has visited Washington, D.C., on several occasions to lobby his brother, President Bush, and his Cabinet officers, such as Health and Human Services Secretary Michael Leavitt, for Medicaid changes.

After a year, the state plans to expand the program to include Baker, Clay and Nassau counties near Jacksonville.

The time frame for a statewide rollout affecting all 2.3 million Florida Medicaid patients remains unclear.

*Mark Hollis can be reached at [mhollis@sun-sentinel.com](mailto:mhollis@sun-sentinel.com) or 850-224-6214.*

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