



**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN
ASSOCIATE MEMBER NEWS
Week of January 31, 2011**

In Washington, D.C. this week the Obama administration got an earful from Governors grappling with budget deficits, who would like more flexibility in cutting Medicaid. In a letter sent by Health & Human Services Secretary Kathleen Sebelius, she tells Governors about ways they can legally reduce Medicaid costs by judiciously cutting benefits, restricting prescription drugs and attacking fraud and abuse. Federal law now prohibits cutting most eligibility categories, however, states are asking for “waivers” from the law, and Republicans in Congress have introduced legislation to allow waivers. Sebelius notes the high costs of both long term care and dual eligibles and recommends community-based care and integrated care as directions to pursue. Here are some excerpts from Sebelius’ letter:

“...States have substantial flexibility to design benefits, services delivery, and payment strategies, without a waiver. In 2008, roughly 40% of Medicaid benefits spending - \$100 billion – was spent on optional services for all enrollees, with nearly 60% of this spending for long-term care services.”

“...many services, such as prescription drugs, dental services, and speech therapy, are optional. States can generally change optional benefits or limit their amount, duration or scope through an amendment to their State plan, provided that each service remains sufficient to reasonably achieve its purpose. In addition, States may add or increase cost sharing for services...”

“Just one percent of all Medicaid beneficiaries account for 25% of all expenditures. Initiatives that integrate acute and long-term care, strengthen systems for providing long-term care to people in the community....are among the ways that States have improved care and lowered costs.”

“....the Community First Choice Option, available in October, will offer States a six percent increase in the Federal matching rate to provide certain person-centered long-term care services and supports to enhance your efforts to serve beneficiaries in community-based setting.”

“...we are focused on how to help States provide better care and lower costs for so called ‘dual eligibles,’ seniors and people with disabilities who are eligible for both Medicaid and Medicare. These individuals represent 15% of Medicaid beneficiaries but nearly 40% of all Medicaid spending. This population offers great potential for improving care and lowering costs by replacing the fragmented care that is now provided to these individuals with integrated care delivery models.”

A new Medicare requirement . . . is being proposed by the Centers for Medicare and Medicaid Services (CMS) that will require most providers to give beneficiaries written notice about their right to contact the Michigan Peer Review Organization (MPRO) if they have concerns with quality of care. Currently, only beneficiaries in hospitals receive this information. CMS will accept comments on the proposed rule until April 3, 2011.

correction – last week’s issue stated that “Senior groups have opposed item pricing..” It should have said “senior groups have opposed item pricing repeal..”