

Medicaid Press Availability Talking Points October 10, 2002

OPENING: I've said two things were needed to save Mississippi's Medicaid program – flexibility and funding. We've got those, and we have been working to bring about aggressive, positive change in the program. Today, I want to update you on the work we've been doing.

- Currently, there are 709,000 of our people, including children, seniors, and the disabled who depend on Medicaid for their healthcare needs. Our economy remains sluggish, and we continued to experience growth in qualified Medicaid recipients.
- The truth is, because Rica Lewis-Payton and her staff continue to use flexibility in running the Medicaid program, essential services are being maintained and costs are being contained.
- In September, EP&P consultants confirmed that Mississippi's Medicaid program has identified, and continues to identify, successful strategies to contain costs. EP&P also confirmed that while program expenditures have increased, administrative costs have remained low. EP&P stated that only 2.9% of total Medicaid expenditures were used for administrative costs. This is the second lowest Medicaid administrative cost percentage in the nation.
- While HB 1200 and SB 2189 have generated cost savings, internal cost-containment measures within Medicaid are projected to generate further savings as well. Because of this, the projected \$120 million shortfall has now been reduced to \$75 million.
- Should the legislature choose not to fund the \$75 million for the FY 03 shortfall, the Division of Medicaid will run out of funds in the last quarter of this fiscal year. This will mandate devastating cuts in total healthcare services totaling \$320 million in state and federal funds.
- Nationally the average state appropriation for Medicaid is about 20% of a state's total budget. The \$425 million request represents only 12% of Mississippi's total budget. With this comparatively low amount of money, we are mandated to provide healthcare to 25% of our population.
- We need to prepare now. We need to protect our nursing home seniors, our dialysis patients, our hospice patients, and others who receive Medicaid services from worrying if their healthcare will continue. We cannot wait. Without adequate Medicaid funding, we will be forced to make difficult decisions. I ask you to please remember that we are dealing with human lives here, not just numbers and statistics.

Potential Q&A's

Q1) Mississippi's a poor state. How can we allow one program such as Medicaid to take so much money from other programs we need so much?

Answer: Many states across the nation are facing funding shortfalls even though they provide a larger percentage of their budgets to their Medicaid programs. Ultimately, it is a matter of setting priorities. Investing in the healthcare of the most vulnerable will pay multiple dividends now and for future generations.

Q2) What kind of dividends?

Answer: We know that Mississippi leads the nation in preventable healthcare problems like obesity, heart disease, and diabetes. We also know that the cost of healthcare is consistently rising from one year to the next. It's time for us to address these healthcare issues so our children and our grandchildren won't have to face them in the future. You can't turn your back on healthcare and say we just can't afford it. If we do, we will pay for it indirectly and at a higher cost in both expenses but more importantly in human lives. Remember, a healthier Mississippi is a more productive Mississippi.

Q3) What about CHIP? Where are we with that program?

Answer: When I took office in January of 2000, there were 542 children aged 0 to 19 enrolled in CHIP II. As of September 1st of this year there were 51,842 enrolled in the program. A side-bar success story of this healthcare outreach is that for every CHIP child we enrolled we also enrolled two children into our Medicaid program.

Q4) Isn't that inflating our Medicaid program to the point where we can't support it?

Answer: According to the US Census, 27% of Mississippi children live in poverty. Experts agree one way to get children out of poverty is to raise their parents from poverty. Education is an important factor in reshaping this trend. Experts also agree that for a child to be able to take full advantage of educational opportunities and grow into more educated adults, they need to be sent to school healthy and ready to learn. That is what Mississippi Health Benefits or CHIP is all about.

Q5) How much in federal funds was allocated for CHIP between 1998 and 2002?

Answer: FY 98 = \$56 million, FY 99 = \$56 million, FY 00 = \$58 million, FY 01 = 56 million, FY 02 \$38 million

Q6) If some of the amount was unspent, what happened to it?

Answer: Unspent federal monies for CHIP were reallocated back to the states. States, such as Mississippi, that did not spend their first full allotments were allowed to retain a portion of their own unspent dollars, and the remaining unspent dollars were redistributed to those states that had spent their own allotments.

Q7) If the legislature doesn't come up with the money will we really kick seniors out of nursing homes?

Answer: The Division of Medicaid will be forced to make very difficult choices if the shortfall is not resolved. Remember when we talk about a \$75 million shortfall we are talking about having to cut \$320 million in healthcare services from the program because

of our 3 to1 federal match rate. This may well result in Medicaid no longer being able to continue to pay for certain categories of eligibles in nursing homes. We sincerely hope it will not come to that.