While states may be facing a tremendous challenge with the economic impact of spiraling Medicaid rolls, they can take the lead and make true changes in the cost and quality of health care.

In Saturday’s session, “Public Policymakers’ Guide to Reducing Health Care Costs,” former Michigan Medicaid Director Vernon Smith said the Great Recession has added huge numbers of people to Medicaid rolls across the country; more than 50 million people are now served by the federal-state health care program.

“Under the radar, Medicaid has become the largest health care program in America,” Smith said. “We’ve tried the easy things (to control costs). ... What people have come to say is if we’re really going to have an effect on cost containment, we have to find ways to put organization and structure into the health care system.”

Massachusetts has been the poster child for health care reform. In 2006, the legislature passed a massive overhaul that opened up health insurance for all residents. Sen. Richard Moore said the reform also focused on quality, such as electronic medical records, a statewide hospital infection prevention program, standardization of billing codes for insurers and authority for the attorney general to look at cost drivers for health insurance.

Jason Helgerson, Medicaid director for Wisconsin, said his state tried a new approach to reduce health care costs. Officials found $600 million in cuts plus major improvements to the program by bringing together members from all sectors of health care to form advisory boards. Improvement, Helgerson said, is a continuous process.

“... You tend to view the budget process in these narrow windows,” he said. “What can I do to balance my budget this year or the next two years? This expands that window. ... We need to start investing and implementing things that bend the cost curve in the long run. We need to stop thinking about these programs in short time horizons.”

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