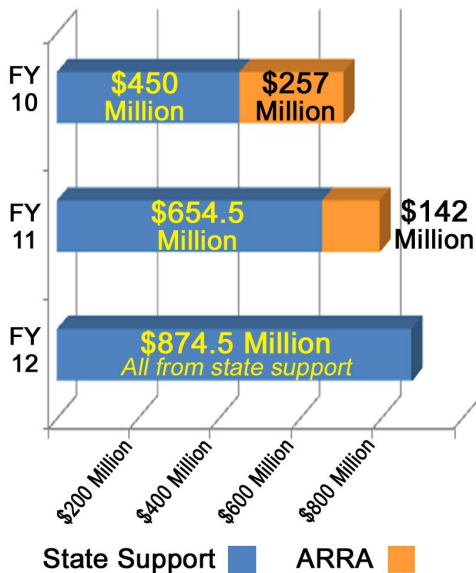


Maintaining Health and Social Services

It is imperative the Division of Medicaid and the Departments of Health, Human Services, Rehabilitation Services and Mental Health identify overlapping expenses and find ways to share costs. As a matter of good policy, we must increase home- and community-based services for Mississippians with disabilities. Enabling individuals to live in their communities near families and friends fosters independence and costs less than institutionalizing patients.

The Division of Medicaid protects Mississippi's most vulnerable citizens by providing healthcare for low-income and disabled individuals. The state will continue to provide these vital services, but we must implement cost savings in order to keep the program viable.

State support of Medicaid Increases



Unless legislative changes are made to the program, Medicaid will need more than \$200 million more state dollars in FY 2011 than was appropriated in FY 2010. In FY 2012, Medicaid will need an additional \$220 million in state funding for a total appropriation of \$875 million. Quite simply, the State of Mississippi can't afford a Medicaid program that costs state taxpayers \$875 million a year.

We must reform Medicaid. We can start by implementing cost containment measures that will allow Medicaid to generate \$25 million in savings. The measures include: rolling back rates of non-long-term care and non-hospital providers to last year's levels; increasing the long-term care provider assessment to the federally allowed maximum; re-basing all hospital inpatient provider rates; implementing ambulatory payment class rates for all hospital outpatient reimbursements and implementing

federally-allowed lower-of-logic savings for all Medicare Part B crossover claims. We must rely on existing broad-based community support to reduce spending on dialysis transportation by 25 percent. Many of these measures require statutory changes. Similarly, a recent Supreme Court ruling has established that the Legislature can authorize changes to the Medicaid reimbursement program for pharmacies, and I urge legislators to address this issue quickly so Medicaid can implement the necessary changes that will result in an additional \$6 million in savings. Medicaid will cut its administrative budget by 7 percent, producing another \$4 million in savings.

For FY 2011, we must speed up raising the hospital assessment from \$56.75 million to \$75 million to match the FMAP rate immediately. Last year, the Legislature restored

part of the tax. The stimulus package has provided relief in funding the program, but the federal funding is scheduled to run out in the middle of FY 2011 and Medicaid will need more than \$200 million. Raising the hospital assessment to \$75 million at this time will generate part of the needed revenue for the state and put the tax on par with the state match requirement.

We should expand coordinated care services through the Mississippi Coordinated Access Network (MississippiCAN), a Coordinated Care Program for Mississippi Medicaid beneficiaries, as a path to cost savings in health care. MississippiCAN will improve access to needed medical services by connecting beneficiaries to providers for preventative and primary care. The program will improve the quality of care by providing support services for managing illnesses and empower beneficiaries. MississippiCAN will save tax dollars through a more efficient healthcare approach.

Over the years, the State has relied heavily on institutional care for mentally ill individuals. Going forward, the state needs to commit fewer fiscal resources to institutional care and more fiscal resources to home- and community-based care. The Department of Mental Health can achieve savings by closing four Department of Mental Health facilities and six crisis centers. These include:

- Central Mississippi Residential Center (includes one crisis center)
- Mississippi Adolescent Center
- North Mississippi State Hospital (includes two crisis centers)
- South Mississippi State Hospital (includes one crisis center)
- Brookhaven Crisis Center
- Cleveland Crisis Center

These are appropriate first steps to save \$18 million in the coming fiscal year and another \$10 million in FY 2012. More savings will occur in the out years. Closing the facilities will put a greater reliance on home- and community-based services like those offered at the community mental health centers. The Department of Mental Health is working on contingency plans for each facility to ensure all patients continue to receive mental health services during the transition period. Not all savings will be net as some funds must be provided to community mental health centers to support the home- and community-based care.

The Department of Human Services must examine existing contracts and services and reduce its overall budget by 12 percent. Additionally, we will close the Oakley Training Facility, which costs the state roughly \$300 per child per day to care for 120 to 150 children. We will save \$22 million by closing the facility and redistribute a portion of these savings among local juvenile centers so they may absorb current Oakley residents.