



Legislative Update

#0002 for Feb. 5, 2007

Medicaid 101 – They could have sold tickets or charged tuition. Last week the General Assembly’s Fiscal Research Division presented a “Medicaid Program Overview” that attracted a large and attentive audience of legislators and advocates to Room 643 of the Legislative Office Building in Raleigh. The briefing was admirably clear, concise and informative – but not without controversy.

One legislator described it as a “bombshell” when the fiscal research staff presented a chart showing that six states, including North Carolina, require counties to pay some portion of “All/Most [Medicaid] Services.” This runs contrary to the oft-repeated declaration that our state is unique in requiring such contributions from its counties. Because it was a briefing and not a hearing, the legislators didn’t receive any public comment, but afterward an official with the N.C. Association of County Commissioners cried foul saying that the six-state claim was inaccurate, out of date or just plain wrong. Among the six states listed, she said, only North Carolina requires a local contribution to *all* Medicaid services. The other five states (Mississippi, New Hampshire, New York, South Carolina and Utah) require limited local payments for specified services such as long-term care for the elderly, and often they are actually “paying themselves” for locally-run programs.

Other points sparked no immediate controversy. In state fiscal year 2006:

- Medicaid expenditures represented 15.8 percent of the state’s General Fund expenditures. (By comparison, public education represented 40.2 percent.).
- A one percent increase in Medicaid expenditures equals \$29 million in General Fund expenditures,
- Medicaid accounted for 62.4 percent of state DHHS expenditures,
- Total Medicaid expenditures for services and premiums (not administration) in our state amounted to \$8.6 billion (up from a mere \$410 million in 1979). The state share of that was \$2.9 billion.
- Medicaid covered 1.6 million state residents or 18.1 percent of the state’s population, covered 941,000 children (58 percent of recipients), and covered 45 percent of the babies born each year.
- 14 percent of Medicaid expenditures support state and local services such as mental retardation centers, state psychiatric hospitals, LMEs, etc.
- 93.7 percent of the service expenditures went for direct medical services.

- The annual cost per recipient was \$10,305 for the elderly, \$14,219 for the disabled, \$2,255 for families and children, and \$3,319 for aliens and refugees.

Predictably, several legislators pounced on the aliens and refugees category, but it was explained that most of this was for emergency department care mandated by the program, and as one commentator put it, “What are you supposed to do when they [aliens, legal or otherwise] show up at the ER badly injured or about to have a baby? Kick ‘em back onto the street?”

Because Medicaid is an entitlement program, all eligible persons must be served, and that makes the program one of open-ended cost. A state official projected that next year’s cost will grow by eight to ten percent. In the current fiscal year, the local share of this bill is capped at last year’s share – until \$27.4 million that the state set aside to cap local costs is used up. If and when that happens, the counties resume paying the local share of the cost.

The briefing will resume next week. Late arrivals may have trouble finding a seat.

Aging Bills - Two programs that support aging North Carolinians would be expanded and adult-care homes that have had penalties levied against them would face increased scrutiny under three bills filed Thursday. The proposed legislation follows recommendations by the North Carolina Study Commission on Aging, a legislative committee that studies services offered to older adults. Under one measure, the state committee that reviews penalties assessed to adult-care homes would meet at least four times a year instead of semiannually. Also, adult-care homes would have to publicly post notices of scheduled penalty reviews "in a conspicuous place" accessible to those affected by the penalty and the public.

Another bill would offer \$10 million in additional funding to the Home and Community Care Block Grant, which offers local agencies funding for various in-home and community based services for older adults. Under a third bill, the Department of Health and Human Services could expand to 2,000 the number of people receiving services through the Special Assistance In-Home program. The program is currently limited to 1,500 people. It offers financial assistance to low-income, elderly people who live at home, rather than in adult-care facilities, but still need help with care.

Toil On – DSS directors are obliged to work long and hard to fulfill their duties, but I hope none of you ever face the same situation as a group of employees who toiled for one notorious slave driver. His stated policy: “If you’re not willing to come in bright and early on Saturday, then don’t bother to come in bright and early on Sunday.”



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