



State Coverage Initiatives National Meeting
Health Care Reforms: Re-examining State Strategies

January 29-30, 2004
Washington, DC



Cost Containment Roundtable

Health Care Reforms:
Re-examining State
Coverage Strategies

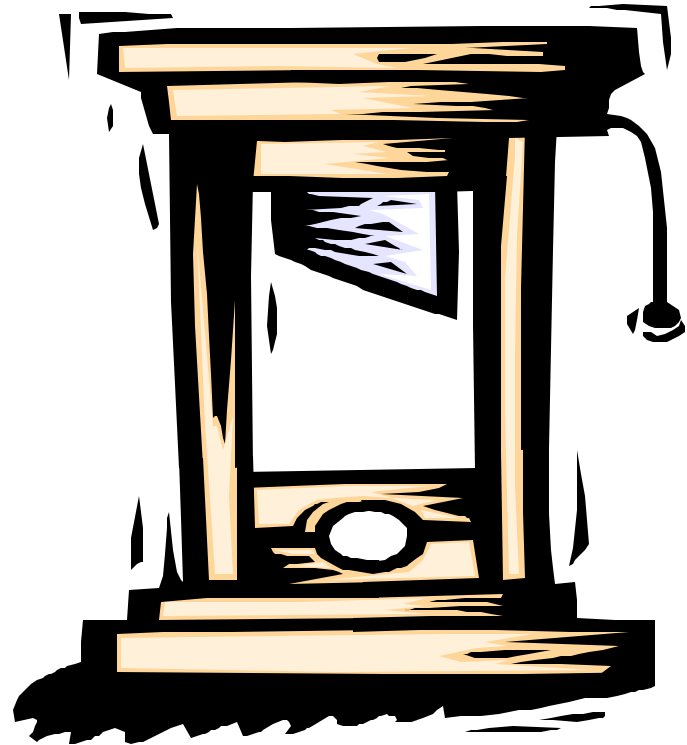
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State Perspective of Cost Containment

✍ Cost Containment concepts are simple:

- Cut services
- Cut eligibility
- Cut resources
- Cut staff
- Cut rates



States are Vulnerable

- ✍ States in their need to get quick savings and budget reductions are vulnerable to “quick” schemes, marketing techniques and political pressures.
- ✍ States are realizing that the choices are interconnected – so that cuts in one area may results in unanticipated increases and trends in another area.

Building the Cost Containment Scenario

- You need a strategy and a knife when considering cost containment issues for a Medicaid program
- Be brutal in your cuts but relentless to your commitment to building your program



When Building Cost Savings Strategies, Ask the Hard Questions

- ✍ Check credentials and documentation
- ✍ Decide on how savings are defined
- ✍ Know how the population is identified
- ✍ Develop evaluation mechanisms
- ✍ Have a plan for managing expectations
- ✍ Recognize the need for internal resources
- ✍ Look to the commercial sector for ideas and operational techniques

When Building Cost Savings Strategies, Ask the Hard Questions (cont.)

- ✍ Search behind the press release
 - Call other states, references, documented reports
- ✍ Quantify efforts, don't rely on antidotal information
- ✍ Be wary of entering contractual relationships where your budget is tied to outcomes
- ✍ Look for free resources and educational opportunities
- ✍ Managed internal staff fears and silos
- ✍ And remember ...If it seems too good to be true...IT IS!

Informed and Wise Choices

There is Always a Need for Balance...

Cost Containment



Quality

Access

Long Range Impact

Virginia's Attempt to Balance Quick Savings With Quality Initiatives

- ✍ Managed pharmacy costs through PDL but also created a polypharmacy review program
- ✍ Develop chronic care management programs that focus on long-term care solutions as well as quick savings measures
- ✍ Access to care considerations
 - Rate freezes, increased prior authorization
- ✍ Outsourcing versus in-house management
 - Prudent purchasing versus buying a pig in a poke

Thank You

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