



**State of Arizona**

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## **Governor Jan Brewer charts sustainable course for Medicaid with reforms**

*Package cuts costs, maintains coverage for existing enrollees*

PHOENIX — Governor Jan Brewer on Tuesday unveiled a bold plan to both salvage Arizona's Medicaid program and institute permanent reforms to drive down costs. The plan comes two weeks following a meeting with Health and Human Services Secretary Kathleen Sebelius, at which the Governor reiterated the state's need for flexibility from federal mandates and requirements governing the state's AHCCCS program.

The Governor's reform plan eliminates Medicaid coverage for childless adults, grandfathering-in only existing enrollees. With attrition, the provision will quickly shrink the state's AHCCCS rolls. Additionally, the plan includes provisions modeled after those common in private insurance, including enhanced co-payments and wellness programs to encourage personal responsibility.

If adopted in total and approved by state and federal officials, the comprehensive plan achieves roughly \$500 million in state savings in the partial first year alone.

"State spending on Medicaid has increased 65 percent in four years. We simply can't afford it," Governor Brewer said. "Nothing about this plan is pain-free. But it strikes a balance by creating a Medicaid program that is more fiscally responsible while keeping its core promises to the Arizonans who depend upon it."

A detailed proposal outlining the Governor's Medicaid plan will soon be submitted to the federal government. That will allow sufficient notification to affected parties, satisfy legal notice requirements and give the federal government time to review the proposal and determine approval in advance of expiration of the state's current demonstration project for AHCCCS, which runs out Sept. 30, 2011.

Governor Brewer's plan to modernize AHCCCS includes key provisions to:

- Eliminate new enrollment of childless adults. Only six other states provide Medicaid coverage for this population. With attrition, Arizona's enrollment of childless adults will shrink by roughly 100,000 over 12 months.
- Reduce reimbursement rates for health providers by 5 percent.
- Implement or increase co-payments for AHCCCS members, institute a "no-show" fee for missed appointments and end the practice of free taxi rides for doctor visits in urban areas of Maricopa and Pima counties.
- Eliminate state reimbursement for emergency care of non-qualified aliens.
- Pursue \$40 million owed to the state by the Social Security Administration for past eligibility errors.

More than 1.3 million Arizonans are enrolled in Medicaid via the state's AHCCCS program. Medicaid spending is the biggest single factor driving a budget shortfall projected at roughly \$1.2 billion in fiscal 2013.

"I'm committed to getting Arizona's Medicaid spending under control, and we will," Governor Brewer said. "But we must be mindful of our friends and neighbors who are enrolled in AHCCCS and dependent upon it for care."

Governor Brewer has been one of the nation's most vocal leaders warning about the rising cost of state Medicaid programs and the worsening effect of ObamaCare. In January, the Governor worked in tandem with the Legislature to pursue a waiver from maintenance-of-effort requirements under ObamaCare. Rather than issuing a decision on the waiver, Secretary Sebelius in February indicated that the state has authority to submit a new AHCCCS plan for about 245,000 childless adults.

The result of that newfound flexibility is a plan that significantly shrinks Arizona's AHCCCS enrollment, drives down costs and prevents Medicaid spending from eroding core state services. Federal flexibility will continue to be important, since many of the Governor's proposed Medicaid reforms require federal approval.

Simply put, the more authority the federal government grants Arizona to reform AHCCCS, the more ability the state will have to preserve the underlying program. It's a point Governor Brewer has made repeatedly, most recently in a face-to-face discussion with Secretary Sebelius late last month.

"There has been a lot of talk nationally about exploding spending in state Medicaid programs. Well, Arizona is going to do something about it," Governor Brewer said. "I look forward to communicating with federal officials as they give our proposal due consideration."

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