

One Governor Offers Medicaid Reform Options

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NASHVILLE, TENN. — The Medicaid program needs to undergo some fundamental changes, including asking patients to share some of the costs, Tennessee Gov. Phil Bredesen said at the annual conference of the National Academy for State Health Policy.

"We have got to get control of the economics of the program," he said.

In Tennessee, Gov. Bredesen has come under fire for his attempts to make cuts and disenroll beneficiaries in the state's financially troubled Medicaid program, known as TennCare.

Just throwing money at the problem nationally won't work, Gov. Bredesen said. For starters, the United States already spends more than any other industrialized nation on health care and still has tens of millions of uninsured citizens. And politically, it's unlikely that an infu-

sion of funds would be available for the program.

Instead, Gov. Bredesen suggested that policy makers need to figure out how to make the existing funding go further.

First, he proposed that everyone should pay a little something for everything. "Unless and until there is some economic tension in the program—unless the users make some of the choices for themselves about how scarce resources are going to be used—the system will con-

tinue to be inefficient," Gov. Bredesen predicted.

The Medicaid Commission, which is charged with recommending ways to cut costs in the program, has focused mainly on changes such as negotiating better prices with drug companies and cracking down on asset transfers made by Medicaid applicants.

However, the commission did tackle beneficiary cost sharing in its recommendation to give states the flexibility to increase copays for some beneficiaries on nonpreferred drugs.

The best way to do that is to let beneficiaries decide what they are willing to pay for and what they aren't, he said. "This is not about being hard-hearted."

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For example, Tennessee has a number of faith-based clinics that serve the uninsured; at these clinics, everyone pays something for their care. People tend to value things that they pay a little bit for and don't

value things that are completely free, Gov. Bredesen said.

Second, government purchasers should pay for the most important things first, he said. Not everything that can be categorized as health care is on an equal footing, he said. For example, providing prenatal care is more important than covering antihistamines.

But in Tennessee, the state spends \$280 million annually on two classes of drugs—antihistamines and gastric acid reducers.

These two classes of drugs account for 12% of the number of prescriptions written in the TennCare program. "We need to exercise some intelligent discretion here and prioritize what we do," Gov. Bredesen said.

Third, he suggested that the Medicaid program should pay only for what works instead of paying for any new drug that comes on the market.

He noted that in 2002, the Food and Drug Administration approved 78 new drugs, of which only 7 contained any new active ingredients that were classified as improvements over medications that already existed.

"If we limit our oversight to a policy of buy everything but just argue about discounts, we've completely lost control," he said. ■



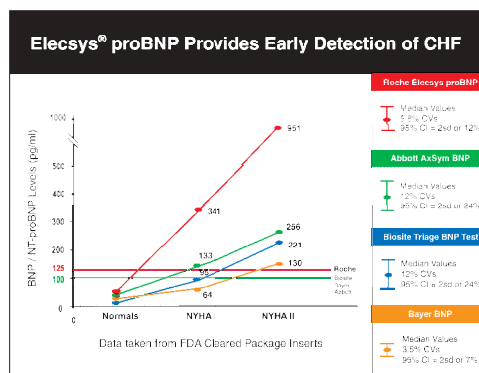
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Clarification

In "Natural Supplements Can Help Lower Lipid Levels" (May 2005, p. 18), the company mentioned for the product CholestePure was a distributor; the manufacturer of the supplement is Pure Encapsulations (www.purecaps.com).