

Budget Woes, National Studies Drive Focus on Medicaid Spending

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As the current session of the General Assembly winds to a close, lawmakers and the Rendell administration have already begun grappling with what will be a challenging 2009-2010 budget season.

The forecasts are unsettling, at best. At the same time, two new national studies focusing on the rising costs of Medicaid in Pennsylvania and around the nation serve as a reminder that we all must renew our commitment to ensure affordable access to quality care for our most vulnerable citizens.

In Harrisburg, lawmakers are predicting anywhere from a \$1.3 billion to a \$3 billion deficit next fiscal year, according to media reports. Visit <http://www.pennlive.com/statehouse/patriotnews/index.ssf?/base/news/122334630435780.xml&coll=1> for a recent article in The Harrisburg Patriot-News. Already, the Rendell administration has imposed a hiring freeze and has trimmed other expenses in a bid to reduce spending by \$200 million this year.

In a recent Senate Appropriations Committee hearing, budget officials focused in part on Medical Assistance spending, which comprises approximately 19 percent of the total General Fund budget.

The challenges are likely to intensify. In the next 20 years, state Medicaid plans will spend \$3.7 trillion, according to a new report issued by the trade group America's Health Insurance Plans (AHIP) <http://www.ahip.org/>.

New York, California and Pennsylvania would have the highest expenditures, according to the report. AHIP's report is echoed by the Kaiser Family Foundation (<http://www.kff.org/>), which issued a report that shows overall Medicaid enrollment nationwide grew 2.1 percent in fiscal 2008 and that states saw spending growth of 5.3 percent during the fiscal year -- higher than the previous two years.

Please continue to visit www.pamco.org for continued developments as we move into 2009 and the next session of the General Assembly.

PAMCO's members would like to take this opportunity to thank our supporters who recognize that a strong and growing managed care delivery system for the Medicaid population meets the healthcare needs of these men, women and children while saving the Commonwealth's taxpayers hundreds of millions of dollars each year.

For more information on PAMCO and our efforts, please contact Peter J. Shelly at 717.724.1681.