



Core Principles to Guide Transition to a New Medicaid System April 18, 2012

The Jewish Federation of Metropolitan Chicago and its affiliated agencies, including Sinai Health Systems, CJE SeniorLife, Jewish Child and Family Services, Jewish Community Centers, Jewish Vocational Services, and KESHET want to put our decades of experience in providing award-winning, innovative care to good use as the state moves to reform the Medicaid system.

The Governor has challenged the Legislature to identify \$2.7 billion in reductions to Illinois' Medicaid program or find the reductions elsewhere in the budget. For many of the people we serve – frail older adults, children and adults with disabilities and low income families – Medicaid is the major funder of the health care and human services our community depends upon. For example, at Sinai, 60% of the patients are covered by the Medicaid program. In particular, long term care – both community and institutionally based – is paid for primarily by Medicaid, accounting for 55 percent of the state's Medicaid budget. Without it, many low-income frail older adults and disabled individuals would not be able to live independently because they have virtually no financial means to cover their long-term care needs. At the CJE Lieberman Center for Health and Rehabilitation, 65% of the patients are covered by the Medicaid program.

Following are our core principles to guide lawmakers in their redesign of the Medicaid Program:

1. Develop a risk-based, coordinated care program statewide to better meet the medical and human service needs of those who become ill, frail, or disabled while also marginalized by poverty. However, a coordinated care program will not be the magic bullet to close the state's structural budget deficit. To work, it should include strong patient protections and a broad, provider network. Done well, we believe that it has the potential to create a more integrated and efficient health and long-term care system, resulting in lower costs over the long run.
2. Recommend rate reform using a process which is transparent, based on data, and open to debate from experts and elected officials, not carried out behind closed doors or ceded over to the Governor and his staff. This should be done with the knowledge that currently the State of Illinois is 44th in payment levels for Medicaid. A blunt across-the-board 7-9% reduction may put the entire health care system at risk. Trauma centers will close. Nursing homes will close or be forced to reduce staff, putting resident care at risk. Community programs which are not fully funded by government funds, such as, for example, Mt. Sinai's community-based asthma program which has demonstrated enormous cost savings, will be put at risk. Rate reform will jeopardize the 2011 agreement of the plan to rebalance institutional and community-based long term care.
3. First implement policies for reducing costs and increasing revenues in the Medicaid system to assess for cost savings before approving more far reaching changes such as rate reform. One example is to ensure all clients on Medicaid are eligible. Another is to identify other revenues such as new ways to increase federal dollars, insurance coverage and drug manufacturers' rebates.



4. Protect community-based human services so that the rebalancing of institutional and community-based long term care succeeds. A strong home- and community-based services (HCBS) infrastructure is less costly than institutional care, be it nursing homes or private and public facilities, and is typically more desired by consumers. Older adults with chronic medical conditions or frailty and individuals with disabilities can be cared for at home with the right community support. This is of particular importance in addressing psychosocial and environmental issues and the effect these problems have on a patient's ability to comply with a complex medical condition. Some community-based organizations providing mental health and child welfare services are closing due to reductions in funding and delayed state payments. Without capacity at the level of Home and Community Based Services (HCBS), people with vulnerabilities will be at risk.

5. Make it a requirement that strong bridges be built across the health and human services systems, both institutional and community-based. These systems are complex and fragmented, causing many low-income individuals with high medical needs to slip through the cracks. The result is high rates of preventable hospitalizations, re-hospitalizations, emergency room use and early nursing home placements as well as poor health outcomes for Medicaid patients. This will involve careful attention to the nurturing of relationships among the Medicaid-funded managed care organizations, the long-term care providers, and the community providers. Managed care organizations have traditionally operated in the medical community and are less familiar with the role home and community based services play in maintaining the health of frail older adults and children and adults with disabilities in the community.

6. Establish a standard that health care and human service providers engage in care planning and coordination across care settings including the community (i.e.home.) This means stopping the current practice of thinking that their role in care delivery ends when the patients leave their respective facilities.

7. Look to long-standing, innovative providers like CJE and Mt. Sinai Hospital who are driving delivery systems change through new evidence-based models of care, when developing guidelines and accountability measures for the risk-based, care coordinated system. The state should engage providers who are on the ground and leading the way to mending the system in the Medicaid re-design and ensure that the resulting managed care networks are open to all providers. CJE is participating in a federal health care reform demonstration program in strong partnership with numerous health and long term care organizations. There are lessons to be learned and opportunities to replicate these models statewide through Medicaid reform.

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