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State to replace county-run medical assistance plan

GAMP has long struggled with rising costs, underfunding; new plan to add doctors, cut costs

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Hospitals spend tens of millions of dollars each year providing care to people covered by the General Assistance Medical Program overseen by Milwaukee County.

The state has set out to replace that program next year with a new health plan that provides access to more doctors and better care on a smaller budget.

"This is a significant improvement for Milwaukee County," said Jason Helgerson, administrator of the state Division of Health Care Access and Accountability, which will oversee the new health plan.

Here's why:

- &enspThe move will ensure that more than 7,000 people, each of them with a medical condition that requires treatment, will continue to have access to health care.
- &enspIt will free Milwaukee County of a program that has long struggled with rising costs and that faced an uncertain future amid tight budgets.
- &enspIt will ensure that hospitals in Milwaukee County continue to receive federal money to provide care to people now covered by the general assistance plan.
- &enspIt could save Milwaukee hospitals millions of dollars a year, money that could be used to keep rates for commercial health plans lower than they would be otherwise.

For these and other reasons, health care systems, community health centers and others have praised the state's move.

Leo Brideau, chief executive of Columbia St. Mary's, described the General Assistance Medical Program, or GAMP, as "a stopgap measure that's been on life support for years."

Yet without the program or an alternative health plan, many of the people in GAMP would end up seeking care from hospital emergency departments, and hospitals would get no money for treating them.

GAMP provides health care to adults who are not eligible for other state health programs. To be eligible, people must have annual incomes of less than \$11,000 for one person and less than \$14,000 for a married couple. They also must have a medical condition that requires treatment.

The program has an annual budget of about \$40 million a year. Most of that money comes from hospitals, which get state and federal dollars for participating in the program. But that is just part of the total cost.

Hospitals in Milwaukee County receive a set amount to provide care to people covered by the program, no matter how many patients they treat. The four health care systems that treat adults estimate that, combined, they spend more than \$30 million a year providing care to people in the program beyond what they are paid.

The rates paid under the state's new health plan won't cover hospitals' full costs either, but rates will be much higher than what they now receive.

That could prove to be a challenge for the new health plan in coming years.

Hospitals and doctors will get paid more under the new plan. But the health plan's budget of roughly \$35 million is less than what GAMP now spends to provide care to people in the program. And hospitals still won't be fully compensated for the care they provide.

The county will partially fund the new plan, contributing \$6.8 million a year toward the \$35 million budget, with the state and federal government paying the balance.

The health plan will have more limited benefits than GAMP. For example, it won't cover branded drugs, chiropractic care, home health care and some durable medical equipment.

The new plan also is designed to put more emphasis on preventive care. People will have to fill out a health assessment to sign up. And they must get a physical in the first 12 months or they will be dropped from the program.

All this will start in January, when people now covered by GAMP are transferred to the new health plan. Early next year, they will choose or be assigned to a managed care company.

Those companies will be paid a set amount - initially \$327 a month on average. That gives them an incentive to monitor and control costs, and that could result in more efficient care.

"That's what we are counting on," said Bill Bazan, vice president of the metropolitan Milwaukee region for the Wisconsin Hospital Association.

The new plan also could provide better access to doctors, particularly specialists. Few specialists see people in GAMP. In contrast, the managed care companies must maintain a network of doctors, including specialists, to contract with the state.

"This is a more efficient way to provide health care," said Helgeson, the state administrator.

Still, providing better care for less money is an ambitious goal. The state can't spend more than \$35 million, excluding slight increases each year, on the new health plan. If costs are higher than projected, the state will have to reduce benefits.

That said, the new state plan will replace a chronically underfunded program with one that has a relatively secure funding.

"We absolutely had to replace it," Helgerson said.

Overdue Payments

The General Assistance Medical Program overseen by Milwaukee County pays hospitals a set amount each year to treat people in the program. Those payments are far less than the costs incurred by the hospitals. Below are the hospitals' estimates on the shortfall:

Froedtert & Community Health - \$13 million

Aurora Health Care - \$7.6 million

Columbia St. Mary's - \$5.3 million

Wheaton Franciscan Healthcare - \$6.1 million

Estimate for Wheaton Franciscan Healthcare is for fiscal year ended June 30. Estimates for other health systems are for 2007.

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