Medicaid Changes Reduce Program Costs

Carolina's Medicaid program, the General Assembly has approved several changes that are estimated to help reduce the total cost of the program by \$40.8 million during fiscal year 1977-78. Savings in state funds will amount to \$11.5 million.

Even with these cost containment measures enacted, payments to Medicaid 2010 dentists across the state providers are budgeted to jump from \$256 million during the 1976-77 fiscal year to \$277.7 million during 1978-79 and \$304.9 million during

In its effort to curtail the The most drastic change is escalating cost of North the elimination of dental services for adults covered by the program. Dental services will still be provided for children through the Early Periodic Screening Diagnosis and Treatment program. It is estimated that \$16.5 million will be saved in federal, state and local funds by dropping this service for adults.

During 1976, there wre enrolled in the Medicaid program. Less than half of these were paid over \$1000 during the year for treating Medicaid patients including both adults and children.

adopted by the Legislature was the freezing of Medicaid payments to providers at the same rate they were being paid as of April 1, 1977. The freeze in rates does not include hospital inpatient care (general, mental and specialty hospitals), intermediate care facilities for the mentally retarded and drugs. Anticipated total savings by this action are estimated at \$10.6 million for the year.

This action means that individual practitioners such as physicians and dentists will be paid throughout the

The next largest savings same rates that were in effect to prescribe generic drugs. Another action taken reas of April 1, 1977.

> During 1976, there were 5,673 North Carolina physicians enrolled in the Medicaid program with only 1,878 of these being paid more than \$1000 during the year for treating eligible patients.

The Legislature has mandated the Medicaid Pharmacy Program to implement an act to authorize pharmacists participating in the Medicaid program to substitute generic drugs for brand or trade name drugs in the absence of a prescription specifically to the contrary. This action coupled 1977-78 fiscal year at the with an appeal to physicians

\$4 million.

receive the service. The has been increased in some savings of \$181,000.

Payments to nursing homes for medicaid patients facilities \$23.30 per day.

instead of brand name drugs garding the transfer of prois estimated to save a total of perty at less than tax value in order to be eligible for Some of the Medicaid Medicaid is estimated to save Services provided recipients \$1 million. This savings will at present require a small occur predominantly in future co-payment by the recipient to cases where elderly persons have given their property to amount of this co-payment their children so they will be able to become eligible to go cases by the latest legislative into a nursing home under action which should result in a Medicaid as has been happening in the past. The new policy will make a person ineligible to receive medicaid have been frozen at the services for specified periods maximum rate of \$28.00 per of time after the property is day and intermediate care transferred. Specifically, per-

sons whose homes are valued

from \$1000 to \$5000 will be ineligible for one year, from \$5,001 to \$10,000 for two years and over \$10,000 for three years. This change will

affect future applicants only. The Legislature has also initiated action to save \$2 million in hospital inpatient care by limiting the number of administrative days to three that a Medicaid recipient can stay in the hospital for any period of hospitalization. Administrative days are those days in excess of days certified as medically necessary for the active treatment of the diagnosed condition under the Hospital

Admissions Review Program Hospitals will not receive payments for excess administrative days patients remain in hospitals.

These are the major cost-saving changes in the Medicaid program enacted by the General Assembly. Other actions to help realize the total savings are increased efforts by the Division of Social Services which is responsible for the administration of the program to collect third party payments from insurance and other sources, better utilization and review procedures and the prevention of fraud and

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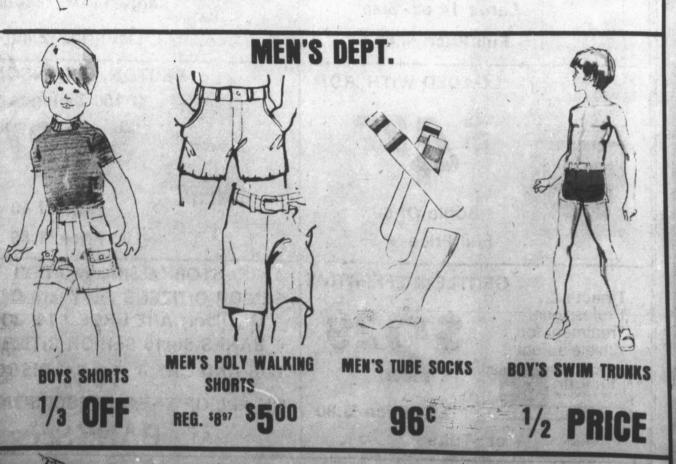
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