

PA Taxes Going Up; Managed Care is One Alternative

A news story recently published in the Gettysburg Evening Sun shows that Pennsylvania taxes have been increasing at a slightly faster pace than the national average. The Sun cited newly released data from the Census Bureau in its story.

While state taxpayer burdens nationwide increased by an average of 41 percent in a decade, Pennsylvania taxes jumped 44 percent, according to the story. The average Pennsylvania taxpayer shelled out \$2,045 in 2004, up from \$1,423 in 1994. The average state taxpayer nationwide paid \$2,026 in 2004.

Rising education and Medicaid costs have fueled spending growth, which has led to higher taxes, analysts said.

"Medicaid has been the fastest growing program in state budgets going back to 2000," said Arturo Perez, a fiscal analyst at the National Council of State Legislatures.

The study prompted one industry official to note that managed care plans have saved the state millions over the program's existence, and will continue to save taxpayer dollars in the future.

"Without managed care the numbers would be even worse," the official said. "We have a history of demonstrating that we're not only saving money but increasing the quality of care."

Even when the numbers are adjusted for inflation, the individual tax burdens increase in 43 states. Only one state, Alaska, saw the amount it collects per person decline.

Hawaiians last year paid the most to state government -- \$3,050 per person on average. Texans paid the least -- an average of \$1,368.

Medicaid is the state-federal health insurance program for the poor. In an effort to stem rising costs, Congress passed legislation recently allowing states to charge about 13 million Medicaid beneficiaries new or increased co-payments and premiums.

The big range in state taxes reflects the variety of government revenue systems throughout the country. The numbers do not include

local taxes, which in many states generate most of the money for schools. They also do not include federal taxes.

Wyoming, Connecticut, Minnesota and Delaware round out the top five states in tax receipts per person. South Dakota, Colorado, New Hampshire and Alabama round out the bottom five.

New Hampshire had the biggest increase from 1994 to 2004, with the state tax burden more than doubling. But at \$1,544 per person, it remained among the lowest in the country.

Alaska, which gets much of its revenue from oil production, saw its state tax receipts drop 1 percent, to \$2,035 per person. Oil revenue helped Alaska spend \$12,294 per person in 2004, far more than any other state.

States, on average, get nearly half their tax revenues from sales taxes. They get a third from personal income taxes and 5 percent from corporate income taxes.

Education is the biggest budget item, consuming an average of 31 percent of state spending. Public welfare comes in second at 24 percent. Highways account for 6 percent of state spending and police protection just 1 percent.

Many states raised taxes early in the decade because of budget shortfalls caused by the economic slowdown. Many of those states now have budget surpluses, leading some, including Hawaii, to debate tax cuts.

"Many states are having an unexpected surplus of revenue, and that is because of economic growth," said Stephen Slivinski, director of budget

Study Finds Behavioral Health Plan is a Good Value

A study recently released by the Mental Health and Substance Abuse Corporations of Massachusetts, Inc. (MHSACM), a statewide organization representing over 100 community-based mental health and substance abuse service providers, found that the MassHealth behavioral health carve-out provides efficient and effective mental health and substance abuse services and is of good taxpayer value to the Commonwealth.

"The behavioral health carve-out has encouraged cost-effective and innovative ways of delivering care," said Elizabeth Funk, President and CEO of MHSACM. "At the same time, it has been able to achieve a balance between saving the state money and providing adequate access for consumers."

In 1992, Massachusetts became the first state to implement a statewide, managed care "carve-out" of Medicaid-funded mental health and substance abuse services. The measure was designed to save the state money while maintaining behavioral health care access and quality. The carve-out program has been extensively studied, but until recently comparative data on the managed care organizations have not been available. This report compares the Primary Care Clinician Plan carve-out organization and MassHealth-contracted managed care organizations along access, quality, and cost measures.

"On first blush, it appeared that the MassHealth behavioral health carve-out to the Massachusetts Behavioral Health Partnership costs substantially more than the same services provided by MassHealth managed care organizations," stated Donald Shepard, the author of the study and a professor at the Schneider Institute for Health Policy at Brandeis University's Heller School. "However, the analysis in this report found that after correcting for the differences in the types of populations served, the cost per person was identical. It also found that the MBHP carve-out had better access to mental health and substance abuse services and thus seemed to be providing the Commonwealth and MassHealth members good value and should not be disbanded."

Study Urges Expansion of Managed Care

HealthLeaders-InterStudy, a leading provider of managed care industry intelligence, finds that the Missouri General Assembly does not seem to be acting on the recommendations of the Missouri Medicaid Reform Commission, formed last year to propose changes to the state-federal health benefit for the poor. According to the latest issue of Kansas & Missouri Health Plan Analysis, Missouri's enabling legislation for Medicaid is due to expire at the end of 2007, which will create more urgency in the next legislative session.

"It's surprising that a governor and legislature who placed such urgency on reform a year ago were willing to settle for eligibility cuts and a lukewarm response to a comprehensive and compelling list of recommendations," said Rick Byrne, HealthLeaders-InterStudy analyst. "Last year, Missouri had the second-largest disenrollment of Medicaid members, after Tennessee."

In Missouri, 94,850, or nearly 10 percent of the Medicaid population, lost services and some 300,000 saw services reduced.

The Reform Commission's report called for emphasis on personal responsibility, preventive measures and use of technology to control costs. It also recommended expanding the HMO model beyond the current 37 counties and considering a pilot program to expand managed care to aged, blind and disabled enrollees. Currently, according to the Kaiser Family Foundation, Missouri ranks 43rd in managed care penetration among the 48 states offering it for Medicaid. Just 44 percent of all Missouri Medicaid beneficiaries enroll in a managed care plan.

Other health plan news in Kansas and Missouri:

- * Blue Cross and Blue Shield of Kansas has co-branded with WellPoint Inc. in order to get a piece of the Medicare Part D action.

- * Most Missouri HMOs continue to post positive net income for the first half of 2005.