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## **For a Medicaid Cost-Cutter From Wisconsin, a More Complicated Job in New York**

By THOMAS KAPLAN

ALBANY — Two years ago, Gov. James E. Doyle of Wisconsin knew that he needed to cut hundreds of millions in [Medicaid](#) spending in his state.

He could have done it the conventional way, imposing lower payment rates across the board for providers, while preparing himself for battle with the health care industry. Instead, he negotiated with lawmakers on the total dollar figure to be saved: ultimately, \$625 million over two years. Then he instructed his Medicaid director, Jason A. Helgerson, to gather Wisconsin's hospital executives, labor leaders and others with an interest in the outcome and figure out where the savings would come from.

"I wouldn't say they all were happy with us," Mr. Doyle said about the process, "but I think they felt they all got a fair shake."

Wisconsin is not New York, where Mr. Helgerson, 39, now has the task of reining in the state's troubled Medicaid program. Gov. [Andrew M. Cuomo](#) recruited him to find billions of dollars in savings to help close the state's more than \$9 billion budget gap in the next fiscal year.

In Wisconsin, state and federal spending on Medicaid this fiscal year is projected to total \$6.2 billion. In New York, it will be more than \$53 billion. In Wisconsin, about a million people are enrolled in Medicaid, which pays for health care for the poor. In New York, enrollment is approaching five million.

And perhaps most significant, in Wisconsin, Mr. Helgerson was charged with slowing growth, not making huge cuts, as Mr. Cuomo wants. In the two-year period when he worked on the savings, Wisconsin expanded eligibility for its Medicaid program, and overall spending grew nearly 20 percent.

"This is a tough, difficult budget," Mr. Helgerson said in a recent interview. "The hope is through this engagement process, we'll be able to generate some new, additional ideas

that might be able to replace some challenges that otherwise would have to go into the budget.”

In interviews, health care officials in Wisconsin generally praised Mr. Helgerson’s handling of the cuts, though his work was not without critics. Some said that the process was not as collaborative as described and that some of the measures he approved would produce only one-time saving or involved creative accounting, like deferring \$127 million in managed care payments to the next fiscal year. Other measures took the form of more traditional rate cuts, particularly to managed care providers and pharmacies.

Nevertheless, hospital and union officials in New York said they were encouraged by Mr. Helgerson’s record of producing cost savings without making enemies or reducing patient care.

It is not likely to go as smoothly in New York, where officials would not commit to accepting whatever cuts emerged from the work of the so-called Medicaid Redesign Team that Mr. Cuomo appointed shortly after taking office this month. Their cautiousness underscores the delicate negotiating position that Mr. Helgerson — and, by extension, Mr. Cuomo — finds himself in.

Mr. Cuomo does not want cost savings to come simply from one big cut in the rates paid to providers.

“Let’s see if we can’t actually find efficiencies in the program so we actually provide a better service for less money,” Mr. Cuomo said in [his State of the State address](#).

Enter Mr. Helgerson, who before becoming Mr. Doyle’s Medicaid director worked as a policy adviser or budget official for the mayor of San Jose, the Milwaukee public school system and the Milwaukee mayor. (He takes no shame in his fascination with balancing budgets: when he signed up for Twitter, he chose the user name @policywonk1.)

To find the savings that Mr. Doyle and lawmakers had agreed on, Mr. Helgerson assembled nine committees for different constituencies, including physicians, hospital executives and pharmacists.

For three hours at a time, Mr. Helgerson and other state officials huddled with each group, writing idea after idea on big easels. They also solicited ideas from the public via [a Web site, a practice that Mr. Cuomo has replicated](#).

More than 500 ideas were proposed, and after three months of analyzing the numbers in various ways, Mr. Helgerson and his boss, the secretary of Wisconsin's Department of Health Services, reached the magic \$625 million figure.

The savings came from 71 measures, like teaming up with Michigan on a contract to buy adult diapers in bulk (savings: \$2.2 million) or checking the market price for generic medication more frequently and updating payment rates accordingly (\$41 million).

Over all, aides to Mr. Doyle, a Democrat, who did not seek election to a third term in the fall, projected that Medicaid costs per recipient would decline 9 percent from 2008 to 2011, with no loss of care.

Yet even with the savings, a \$1.2 billion gap is projected for the next two-year fiscal period, in large part because of the loss of extra federal financing provided by special economic stimulus funds.

Elements of the process also came under criticism.

John Sauer, the executive director of the Wisconsin Association of Homes and Services for the Aging, said, "I would say, for us, there was more an appearance of openness than there was actual sitting down and working collaboratively."

Still, Mr. Helgerson found the requisite savings and lived to tell about them.

"You didn't see a lot of angry press releases," said Tom Petri, the policy and communications director for the Wisconsin Primary Health Care Association, a group that represents community health centers. "Not as much as you could have, considering there was a lot of money being hit."

Whether that will be the case in New York remains to be seen. A spokesman for Mr. Cuomo declined to say whether a cost-cutting target had been set, but members of the Medicaid task force said they expected Mr. Cuomo to seek at least \$2 billion in savings in state Medicaid spending; that would require an overall reduction of at least \$4 billion because of the matching federal financing.

Mr. Helgerson will also have to work quickly: Mr. Cuomo asked his Medicaid panel, which had its first public meeting on Jan. 13, to report its first round of suggestions by March 1.

Mr. Helgerson also has less authority here than he did in Wisconsin. There, the Legislature, controlled by Democrats, approved the \$625 million spending reduction at the outset and delegated to the Doyle administration the responsibility for finding the savings, without further legislative approval.

But in New York, the Legislature — which has representatives on Mr. Helgerson's panel — still has to approve the budget after the panel makes its recommendations. Democrats have a majority in the State Assembly, while Republicans do in the Senate.

So, unlike in Wisconsin, those in health care have recourse if they do not like what Mr. Helgerson comes up with.

"I think every group should feel compelled to offer its most constructive proposals," said one panel member, Daniel Sisto, the president of the Healthcare Association of New York State.

"That does not necessarily mean that we will agree on the target or what conclusions they draw," he added. "We all in the end will reserve our right to go back to the Legislature and seek further refinements and remedy."

Even so, the task force provides Mr. Cuomo political cover, intended or not. With a role in the process, health care lobbyists who might otherwise run advertisements attacking a cost-cutting governor will presumably stay quiet in February — the critical period when Mr. Cuomo is making the case for his budget.

And the mere fact that discussions are being held about reforming Medicaid, rather than simply cutting and cutting, gave Mr. Sisto and others hope.

Kenneth E. Raske, the president of the Greater New York Hospital Association and also a member of the panel, characterized the past few years as a political merry-go-round: "They propose, we oppose, and then the matter is wrestled out in the court of public opinion."

Not so with Mr. Helgerson's committee. "I'm enthusiastic about it," Mr. Raske said, "because it does represent a significant departure from the past."