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Health Care Reform in West Virginia: A Lesson from the States

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A big casualty of the congressional health care reform legislation would be the loss of state flexibility in the financing and delivery of affordable health care options for their citizens.

Under the House bill, the federal government would regulate private insurance for the first time and dramatically increase its control over the Medicaid program. Flexibility will be sacrificed for uniformity and federal control.

Congress is ignoring important lessons that states have learned. It should pay particular attention to West Virginia, which has experimented with Medicaid reform and has learned a lot about what those reforms accomplished.

"All or Nothing" v. Individual Needs. West Virginia was one of the first states to redesign its Medicaid program under new benefit flexibility authority provided through the Deficit Reduction Act of 2005 (DRA).[1] The state created Mountain Health Choices (MHC), which began operations in spring 2007.[2]

Prior to the DRA, the Medicaid benefit package consisted of mandatory and optional benefits. Once a state chose to provide an optional benefit, that benefit had to be provided to everyone on Medicaid. This "all or nothing" approach deterred states from expanding benefits and expanding coverage to optional populations.

For those in MHC, the state moved away from the mandatory/optional construction and reorganized Medicaid benefits into a basic plan and an enhanced plan. The enhanced plan provides a greater array of benefits than the basic plan but carries with it an obligation to establish a Health Improvement Plan with one's physician and adhere to a Member Responsibility Agreement.

What the Data Show. West Virginia University recently released its evaluation of these reforms.[3] While the study does not analyze whether MHC has produced savings for the state, it does provide policymakers with helpful insights and information, reenforcing previous assumptions about certain behaviors and dispelling others.

The WVU Report provides a number of helpful insights, including:

- The vast majority of Medicaid enrollees in the state (95.4 percent) did not enroll because of illness or injury, dispelling the myth that all uninsured individuals are high-cost, unhealthy individuals who would disrupt insurance pools. However, those who were struck with a serious illness or injury (more likely an adult than a child) were more likely to enroll in the enhanced plan.[4]
- In measuring health literacy, survey respondents were "highly literate," dispelling the myth that individuals on Medicaid cannot make choices.[5]
- Respondents made choices based on their own perceptions of their needs, or their physicians

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assisted in making the choice. The need for prescription drugs—a simple but accurate predictor of need—was a major determinant in adults choosing the enhanced plan.[6]

- Sixty-one percent of adult respondents were smokers,[7] raising questions as to whether they should be expected to contribute to the cost of their care.
- Adults in the enhanced plan reported increases in positive behavioral changes related to eating healthier, smoking less, and taking their prescriptions.[8]
- Adults selecting the enhanced plan were less healthy than those who chose the basic plan.[9] Those with the greatest need were more likely to pick the plan with the greatest benefits.[10]
- Adults selecting the enhanced plan were less optimistic about their future prospects than those on the basic plan.[11]
- Many enhanced plan members selected their plan to become healthier,[12] dispelling the myth that the lives of Medicaid recipients are "too chaotic" to expect them to make lifestyle changes.
- Only 3.5 percent of respondents indicated their current plan was worse than their previous plan (dispelling the charge by a number of national "advocacy" groups that the state was putting recipients, especially children "at risk"). Most respondents indicated their current plan was better or about the same as their previous plan.[13]
- Those who reported their health condition had declined were more likely to be in the enhanced plan, refuting the charge that the basic plan would be the cause for a decline in health status.[14]
- Medicaid coverage is temporary. More than half of those on the basic plan expect to be on Medicaid for two years or less, and 80 percent of those on the basic plan expect to be on Medicaid for five years or less,[15] suggesting that keeping people connected to the rest of the health care system is a better approach than discriminating against them based on income. (Congress would also discriminate against individuals and families based on income by keeping people on Medicaid separate from everyone else. This would be a mistake.)
- There is little difference in health status between children on the enhanced plan and those on the basic plan.[16]
- One in five enrollees had private health insurance prior to Medicaid coverage, overwhelmingly

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1. Deficit Reduction Act of 2005, Public Law 109–171, Section 6044, adding Section 1937 to Title XIX of the Social Security Act.
2. West Virginia requires certain Medicaid recipients to accept a greater role in their own health care. Individuals with a disability are excluded from MHC. The MHC population covers more than 160,000 individuals and represents about 35 percent of the total Medicaid population.
3. Tami Gurley-Calvez *et al.*, "Mountain Health Choices Beneficiary Report," Bureau of Business and Economic Research, West Virginia University, July 29, 2009.
4. *Ibid.*, p. 16.
5. *Ibid.*, p. 19.
6. *Ibid.*, p. 30 and p.82.
7. *Ibid.*, p. 59. To be eligible, adults must have income at or below 37 percent of the federal poverty level ($8,159 for a family of four).
8. *Ibid.*, p. 39.
9. *Ibid.*, p. 36.
10. *Ibid.*, p. 86. This phenomenon is often referred to as "adverse selection" from a health plan perspective, but from the perspective of the individual, it is clearly a rational choice based on self-interest.
11. *Ibid.*, p. 63.
12. *Ibid.*, p. 41.
13. *Ibid.*, p. 40.
14. *Ibid.*, p. 63.
15. *Ibid.*, p. 17.
16. *Ibid.*, p. 56.

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through employment or a spouse, demonstrating that even individuals with very low income have experience and connections to private health plans.[17] It also suggests that coverage for families should be integrated. Splitting family members among Medicaid, the State Children's Health Insurance Program (SCHIP), and other coverage as contemplated in proposed legislation now being considered by Congress may be disruptive to families and to their continuity of care.

- Transportation is not an impediment to access for most Medicaid recipients, refuting the notion that it is needed as an entitlement.[18]

Punishing Personal Responsibility. West Virginia has received criticism from some national organizations for supposedly "punishing" personal responsibility. For example, the Georgetown University Health Policy Institute described the state as using the "stick" approach.[19] The Center on Budget and Policy Priorities predicted, "West Virginia's plan actually could lead to poorer health for some beneficiaries."[20]

The West Virginia Medicaid Member Agreement outlines both responsibilities and rights.[21] The responsibilities are:

- I will follow the rules of the West Virginia Medicaid program.
- I will do my best to stay healthy. I will go to special classes as ordered by my medical home.
- I will read the booklets and papers my medical home gives me. If I have questions about them, I will ask for help.
- I will pick a medical home within 30 days or one will be picked for me.
- I will go to my medical home when I am sick.
- I will take my children to their medical home when they are sick.
- I will go to my medical home for check-ups.
- I will take my children to their medical home for check-ups.
- I will take the medicines my health care provider prescribes for me.
- I will show up on time when I have my appointments.
- I will bring my children to their appointments on time.
- I will call the medical home to let them know if I cannot keep my appointments or those for my children.
- I will let my medical home know when there has been a change in my address or phone number for myself or my children.
- I will use the hospital emergency room only for emergencies.

If critics think taking your child to the doctor, taking your medications, and avoiding the emergency room for routine care is "punitive," it only shows the absurdity of their attacks.

Lessons Learned. The study shows that West Virginia is on the right track in terms of involving individuals in their own health care. While the report concedes that there is still much work to be done to fully engage the Medicaid population in participating in their own health care, the critics of reform have been wrong. West Virginia now knows far more about the needs and behavior of its Medicaid population. Congress should pay attention to what West Virginia has learned.

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17. *Ibid.*, p. 47.
18. *Ibid.*, p. 46.
19. Press release, "Three Out of Four of the People Put at Risk Under West Virginia's Medicaid Changes Are Children," Georgetown University Health Policy Institute, May 31, 2006, at *http://ccf.georgetown.edu/index/cms-filesystem-action?file=press+releases%2Fthree+out+of+four+in+wv+are+children.pdf* (August 7, 2009).
20. Judith Solomon, "West Virginia's Medicaid Changes Unlikely to Reduce State Costs or Improve Beneficiaries' Health," Center on Budget and Policy Priorities, May 31, 2006, at *http://www.cbpp.org/files/5-31-06health.pdf* (August 7, 2009).
21. Gurley-Calvez *et al.*, p. 95.