

INSTITUTE OFFICIAL CLAIMS BUDGET BUILT ON MEDICAID SAVINGS “MIRAGE” | One of the key assumptions underlying the \$30.6 billion fiscal 2012 budget hurtling towards Gov. Deval Patrick’s desk Friday is coming under fire from a public policy think tank. Joshua Archambault, director of health care policy at the right-leaning Pioneer Institute of Public Policy Research, on Friday called plans to realize big savings in the MassHealth or Medicaid program this fiscal year “unrealistic” given past spending trends. “If the state is unable to achieve these “savings” and instead follows historic spending trends, it could be looking at a \$900 million gap, just for MassHealth,” Archambault said in a web post. “For years, Medicaid costs have advanced robustly, at roughly 7% per year which is a big number given that it’s building on a base of billions.” Archambault said the Legislature is pinning its budget-balancing hopes on reducing per-enrollee Medicaid costs by 3.5 percent in fiscal 2012. “How have we done at that recently? On average, per enroll costs have gone up by 5% per year and it has never been negative over the past seven years,” he said. He added that provider reimbursement rate reductions would likely make it more difficult for Medicaid enrollees to find doctors willing to take their insurance. Patrick administration officials have expressed confidence in their ability to wring the savings out of Medicaid, in part through procurement reforms. 12:12 P.M.