

ARKANSAS GENERAL ASSEMBLY

Senator Joyce Elliott
Senate Chair



Representative Greg Leding
House Chair

Report of the Hospital and Medicaid Study Committee Of the Arkansas Legislative Council

May 18, 2012

Mr. Co-Chairs:

The Hospital and Medicaid Study Subcommittee of the Arkansas Legislative Council met April 30, 2012. John Selig, Director of the Department of Human Services (DHS) and Andy Allison, Ph.D., Director of Medical Services Division, DHS, talked about the financial condition of the Medicaid Program and the status of the Health Care Payment Improvement Initiative.

Mr. Selig stated that Arkansas is facing a Medicaid budget shortfall of between \$250 million to \$400 million by 2014 which begins July 1, 2013. He added that most states are looking only at cutting services to reduce costs. Instead, Arkansas is trying to implement a Health Care Payment Improvement Initiative which is designed to slow the growth in Medicaid spending. Medicaid is a \$4.7 billion dollar program in Arkansas and 70% is paid by the federal government. There are 785,446 people enrolled in Medicaid in our state.

Andy Allison, Director of Medical Services, said the shortfall was caused in part because Arkansas has not given the program a substantial increase since 2006. He said state funding for Medicaid has only increased by 15.3% over the past 5 years while the federal share has increased by 48.3%. Andy said the shortfall projection will fluctuate, but the agency will have a better projection when the legislature starts discussing the budget for next year in late fall.

The subcommittee asked many questions of the Department of Human Services and decided to monitor the Medicaid Program more closely.

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