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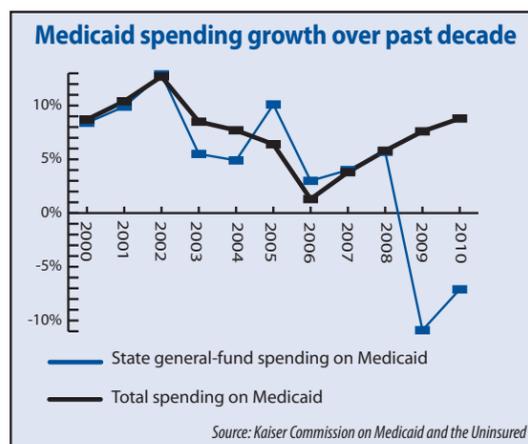
## Health & Human Services

### Federal assistance, cost-cutting measures helping curb fiscal impact of Medicaid on states

**D**ue in part to higher-than-expected growth in Medicaid expenditures in fiscal year 2010, states have taken a number of actions to control program spending during the current fiscal year and beyond.

According to a report released this fall by the Kaiser Commission on Medicaid and the Uninsured and Health Management Associates, states reported an average increase in total Medicaid spending of 8.8 percent in FY 2010. In the annual survey, Medicaid directors attributed the spending increase to the effects of the recession and resulting increases in enrollment, which averaged 8.5 percent.

Last year's Medicaid spending growth was the highest since 2002 and was well above original projections of 6.3 percent. However, the state portion of spending on Medicaid actually declined for the first time in the program's history as a result of the American Recovery and Reinvestment Act. The Recovery Act's enhancement of the federal medical assistance percentage led to an average decline in state general-fund spending of 7.1 percent in FY



2010 and 10.9 percent in FY 2009.

In August, the U.S. Congress extended enhanced Medicaid funding for states; however, the amount was less than anticipated (\$16 billion) and will be available only for an additional six months (through June 2011). By the time Congress had acted on this extension, most states had already passed their FY 2011 budgets, with some counting on additional federal funding and others not doing so. Depending on whether and how much lawmakers included enhanced federal funding in their budgets, state Medicaid budgets might have to be retooled during the upcoming legislative sessions.

As a result, further cost-saving measures will likely be considered.

One of the most widely used cost-saving measures has been to freeze or reduce payments to providers who treat Medicaid patients. Every Midwestern state except Nebraska took such actions in FY 2010. According to the survey (available at [www.kff.org/medicaid](http://www.kff.org/medicaid)), at least five states in the region were planning such actions this year: Illinois, Indiana, Michigan, South Dakota and Wisconsin.

In FY 2010, a record number of states (20) implemented benefit restrictions. For example, Iowa required prior authorization for imaging services; Kansas capped the number of home health visits that beneficiaries can receive; and Minnesota and Ohio placed limits on dental services. This year, hospice benefits in Kansas are limited to 210 days, Minnesota beneficiaries are limited to 12 chiropractic visits a year, and Indiana tightened controls on the use of mental-health rehabilitation services.

Other policy options include expanding the use of managed care and reducing prescription-drug costs by implementing preferred drug lists (Iowa, Kansas, Michigan, and Wisconsin), requiring prior authorization for certain medications (Wisconsin), and reducing payments to pharmacies that serve Medicaid patients (Iowa, Kansas and Ohio).

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## Economic Development

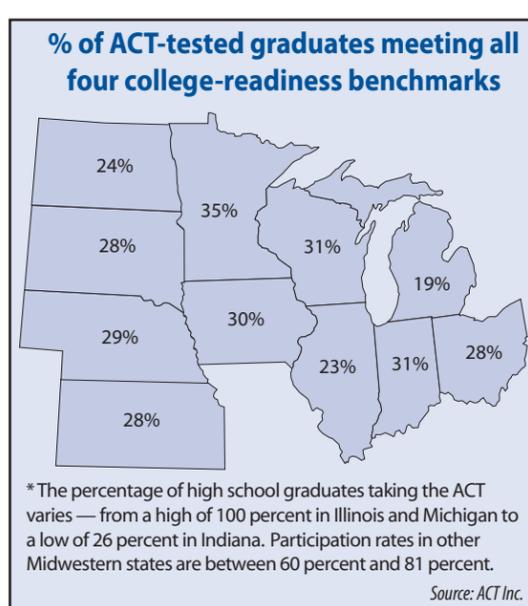
### States get framework for creating college- and career-readiness goals

**A**n August report by the National Governors Association offers policymakers guidance on how to define statewide college- and career-readiness performance goals for high school graduates.

According to the NGA Issues Brief (available at [www.nga.org](http://www.nga.org)), education performance measures typically used by states lack information about whether a student is ready to succeed in college and/or work. The NGA recommends a set of five "power indicators" that, at minimum, states should track and report on.

For example, how many high school students are completing a college- and career-ready course of study, obtaining college credit or earning a career certificate? What percentage are demonstrating proficiency on "anchor" assessments, which indicate whether students are prepared for postsecondary options? And what percentage of traditional, first-year college students are in need of remedial coursework?

The NGA recommends that these indicators be used to define statewide goals and to measure prog-



ress. Along with recommending a policy framework for states, the NGA report includes some examples of promising approaches already being taken.

- In Indiana and Ohio, each school receives a report that compares its performance on college- and career-ready indicators to the performance of the state as a whole.

- Wisconsin has successfully expanded the number of students taking Advanced Placement Program exams and courses. For example, assessments are used to identify students likely to master AP coursework, but who might not have been viewed as traditional AP students. The state has also used a federal grant to increase participation among minority students.

- In Minnesota, more-rigorous academic standards and graduation requirements are in place. In addition, every student must have a college-level learning experience before graduating high school.

This increased interest in developing statewide college- and career-ready goals is being driven by at least two factors.

First, the demand for individuals with post-secondary education or training is growing: By 2012, 63 percent of jobs will require such a background, according to the Georgetown University Center on Education and the Workforce. Second, many students aren't prepared for postsecondary work: Only 23 percent of ACT test-takers meet readiness benchmarks for college-level coursework in English, reading, mathematics and science; in addition, at least 40 percent of students entering postsecondary education require remediation in math or reading.

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