



## Media Release

---

Contact:

Amy Webb, Director of Communications  
(501) 682-8650

**For Immediate Release**

July 12, 2013

### **Medicaid Finishes Fiscal Year with Lowest Growth Rate Since 1982**

*Agency Head Touts Progress, says Much Work Left to Do*

Arkansas Medicaid finished State Fiscal Year 2013 just 1.5 percent over the previous year's spending, marking the program's lowest annual growth rate in more than three decades.

The \$68 million in growth is largely attributed to costs associated with an increase in average enrollment and investments Medicaid made in an initiative to reward providers who offer patients quality, coordinated care at an efficient price. Medicaid hasn't seen total program growth of less than \$100 million in 14 years.

With growth less than anticipated, the Medicaid Trust Fund ended the fiscal year with an estimated \$62 million on hand. It was expected to be depleted.

"This is wonderful news. We began the year talking about a huge shortfall that would force us to cut vital services for the elderly and reduce provider rates, neither of which we wanted to do," said John Selig, director of the Department of Human Services, which oversees the state Medicaid program. "This gives us some breathing room as we continue to transform the health care system in Arkansas."

Andy Allison, Arkansas Medicaid Director, said that growth slowed in most areas across the program and actually declined in some key areas, such as prescription drugs, nursing facilities and dental care. Reductions in spending such as these are historically rare and especially noteworthy given that enrollment increased.

Allison said it's difficult to say with complete certainty what caused the turnaround in the program. Its reduction in growth is larger than the recent slowdown in health spending nationally and consistent with the broad objectives of the Arkansas Health Care Payment Improvement Initiative. The initiative is designed to bend the cost curve in Medicaid and the state's health care system as a whole by encouraging quality care in appropriate settings. The initiative was launched in July 2012.

-more-

“We’re cautiously optimistic about the numbers we’re seeing. They show that providers are aware of the program changes and are beginning to transform their practices,” Allison said. “It’s now critical that we continue our progress so that we can sustain the momentum.”

Selig said Medicaid staff and providers deserve a lot of credit for the improvements seen so far. He also noted that none of the innovative work being done in Arkansas’s Medicaid program would have been possible without the support of Governor Mike Beebe and the state Legislature.

“The initiative has been a huge undertaking, and I appreciate all of those who have put the time and energy into it to get us to where we are today,” he said. “Medicaid programs across the country are watching what we’re doing, and I think they’ll receive news about our growth rate with great interest.”

Medicaid’s preliminary actual expenditures for SFY13 totaled \$4.684 billion in federal and state funds compared to \$4.615 in SFY12.