

# TennCare revamp faced shortfall

## Governor declares health plan negotiations at an impasse, delays further action for a week.

By Ashley M. Heher Staff Writer

A Bredesen administration official said Wednesday the governor scrapped his plan to overhaul TennCare when he realized the reforms wouldn't achieve projected savings.

**"We realized the reforms we had been working on were no longer sufficient to be able to get the budgetary goal of keeping TennCare within 26 percent of state expenditures," said Finance Commissioner David Goetz. "That's when the light went on, and that's what led to it."**

In pitching his reform plan, the governor said he hoped to save the state as much as \$2.5 billion over the next four years by limiting the care available to enrollees and creating co-payments and premiums. The goal of the reform plan is to keep TennCare spending at 26 percent of state spending.

During a hastily called news conference Wednesday evening, Gov. Bredesen said he had reached an impasse in negotiations over TennCare reforms with the Tennessee Justice Center. The legal advocacy center offered a two-year moratorium on current legal challenges so the state could implement the reforms in exchange for maintaining the program's current enrollment.

The governor, who is threatening to cut 430,000 people from the program, said that offer wasn't good enough.

"It has become clear their (TJC) current intent is to continue suing us, but to do it in new lawsuits, rather than through the existing consent decrees," he said. "We need to step back from the brink, and I need to try again. This thing is over-lawyered, it is too personal, it is rushing too fast to a conclusion."

Gov. Bredesen pledged to continue to work to save the \$7.8 billion program after a weeklong break.

Gordon Bonnyman, executive director of the justice center, said he is grateful negotiations would continue.

"I think it's a statesmanlike step forward," he said. "The governor, despite the fact that the proposal we tabled was not satisfactory for him, said 'Let's take a different approach.' If it's a win for anybody, it's a win for the people of Tennessee."

Gov. Bredesen announced Nov. 10 he likely would cut 430,000 TennCare enrollees from the state-run health care program because of ongoing legal challenges from the enrollee advocates.

TennCare provides health care to 1.3 million poor, uninsured and disabled state residents — about one-quarter of the state's population.

Still, regardless of the outcome of this week's stand-off between the Tennessee Justice Center and Gov. Bredesen, the state's plan to rein in TennCare's costs still could face a major challenge in Washington, officials said.

At issue is a proposal by the state to limit the amount and type of medications used by enrollees. The plan includes limits on prescriptions to six a month for some enrollees. Enrollees also would be required to use cheaper, generic drugs where available. The state also would eliminate all TennCare coverage for antihistamines

and heart burn medication.

Now, there is no limit on the type or amount of medication available to enrollees, a policy that some health experts said contributes to the state's ranking as the leading per capita consumer of prescription drugs in the country.

If the Centers for Medicare and Medicaid Services approve the plan, the powerful pharmaceutical industry could stand to lose money in Tennessee. The medication limits also could set a precedent other state Medicaid programs would follow.

"If this is a proposal that stands to do much damage to the pharmaceutical industry's bottom line, the industry is going to oppose it and probably spend a lot of money in the effort," said Steve Weiss, a spokesman for the Center for Responsive Politics, a nonpartisan group that tracks money in politics. "An industry like that is going to be lobbying at all levels of government, and they're going to be pulling strings wherever it can."

In mid-September, the Pharmaceutical Research and Manufacturers of America, a trade group that represents the pharmaceutical industry, sent a three-page letter to the state outlining its concerns about the governor's reform plan.

The letter, sent by Christopher Badgley, the organization's vice president of state government affairs, calls the proposal "questionable at best."

Wanda Moebius, a spokeswoman for PhRMA, said her organization has followed the TennCare reform.

"Our overriding concern is patient safety and patient health," she said.

Mr. Goetz said state officials are anticipating a fight with the drug industry but said controlling drug costs is crucial to trimming TennCare's costs. About 56 percent of TennCare's cost growth comes from drug costs, he said. The state spent \$2.4 billion on pharmaceutical costs this year. "If we aren't successful in addressing that, nothing else matters," he said. "We continue to be aware of their interest in what we're doing, but that doesn't change our resolve to proceed." E-mail Ashley M. Heher at aheher@timesfreepress.com



**The Associated Press Gov. Phil Bredesen announces Wednesday that he has reached an impasse over TennCare reform, but that he will continue working to save the program.**