

Committee Members,

I am an Iowa State Representative and Licensed Independent Social Worker. I oppose the process and concept Governor Branstad has pursued to privatize Medicaid without input or oversight by the Iowa Legislature. As far as I know, he hasn't sought the input of health and behavioral service providers, or recipients of Medicaid.

Good government must consider the effect of monumental changes like privatization of Medicaid on Iowans served.

Medicaid provides access to health care for over 560,000 low-income Iowans. That is 1 in 5, or 20% of all Iowans. This change virtually touches every family in the state.

I have a sister who is disabled and a nephew with brain injury who both receive Iowa Medicaid. I have constituents who are very anxious about the Medicaid change and how it will affect them. They have not received any clear or straightforward information on the shift to private MCO management from DHS. They are worried their health care coverage will become more limited and they may have to change providers. They are concerned about losing their working relationship with their caseworkers and nothing will replace the coordination service. And they have barely absorbed the change from Iowa Cares to the Health and Wellness program implemented just two years ago, on January 1, 2014.

Governor Branstad's push to privatize Medicaid lacks a transparent public plan and is being implemented too quickly. Legislators, along with service providers and the public, only learned about the privatization in February 2015 when the RFP for MCOs was issued. As a legislator on the Human Resources Committee, I have yet to see a detailed written plan or timeline.

The Governor asserts a \$51 million Medicaid saving in the first six months after implementation on January 1, 2016. He cannot, or will not, reveal the identity of the consultants who came up with this savings figure or how the amount was derived. The Governor offers no explanation of how the for-profit MCOs will actually save money while making their profits. He hopes the MCOs will make recipients healthier to save money. That outcome may be a long-term hope, but is unlikely to happen in the first six months. Other states where Medicaid has been outsourced did not realize such savings in the first six-months or first couple of years after the implementation.

A program like Medicaid, entirely funded by state and federal taxpayers to serve the elderly, children, and working poor, should not be operated by for-profit organizations. This fast track change to outsource Medicaid to private for-profit management should have been better vetted by the Governor with input from the Legislature, other stakeholders, and recipients. Governor Branstad's process seems only to be only a rush to change.

I am also very concerned about the process used to choose the four MCOs to manage Iowa Medicaid. MCOs applicants that were not chosen are suing the Governor for unfair process. And the four MCOs selected have lost legal battles in other states related to their decisions on payment and provision of care. This was not revealed clearly in their applications. This may very well foretell of some very expensive costs in the future for Iowa.

The MCOs have not been required by the Governor to coordinate their provider manuals, fee schedules, or forms. Providers are rightly concerned about the unknown requirements and fear more complicated billing processes. In fact some major health and behavioral health care providers have not signed contracts with any of the MCOs.

The process and communication surrounding this process is emerging to be far less than transparent and fair. Nepotism and back room deals are not acceptable in Iowa government. I am deeply disappointed in the Governor's management of this move to outsource a major government program that touches the lives and health of our most vulnerable citizens.

Iowa has made progress in providing Medicaid services to our citizens. Iowa Medicaid Enterprise (IME), an arm of the Iowa Department of Human Services, currently administers Iowa Medicaid. IME has a strong history of effective and efficient management of health care delivery for low income Iowans. IME is a successful state program that I understand operates at 3% to 4% overhead.

It is my hope that, if this plan goes forward, a six month or year delay can be instituted so that the state, providers, Medicaid recipients, and the MCOs can be better prepared for the change.

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