

ADVISORY GROUP ON Efficiency and Benchmarking **PROPOSAL #:** AGEB # 40
SUBJECT: Medicaid - Private Insurance **DATE ADOPTED BY ADVISORY GROUP:** November 4, 2009
COMMISSION ACTION: FAILED TO PASS **DATE:** December 1, 2009

RECOMMENDATION: The Louisiana Department of Health and Hospitals be directed to bid out Louisiana’s Medicaid Program to a private health insurance company with the amount to be paid by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23 million Louisiana Medicaid recipients for an annual premium of \$4,000 per insured, Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana’s Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
The Louisiana Department of Health and Hospitals be directed to bid out Louisiana’s Medicaid Program to a private health insurance company with the amount to be paid by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23 million Louisiana Medicaid recipients for an annual premium of \$4,000 per insured, Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana’s Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.	Legislature; DHH; CMS	To save money and help reduce the deficit in Louisiana’s Medicaid Program by bidding out the coverage of Medicaid recipients to private insurers.	Legislation; Approval from CMS	\$539 million in health care costs and \$252 million in administrative costs	