# MEDICAID CUTS WILL SPUR CREATIVITY AT THE STATE LEVEL

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Championed by President Trump, the 'One Big Beautiful Bill Act' is set to reduce federal spending on Medicaid by almost $1 trillion over the next ten years. The non-partisan Congressional Budget Office estimates that these cuts may result in 11.8 million Americans losing their health insurance. However, creative and forceful action at the state level could bring this number down sharply.

Exposing and eliminating waste and fraud must become a priority for the states. *The Wall Street Journal* recently highlighted an example of system abuse. States tax hospitals as Medicaid providers, and that revenue is allocated to Medicaid programs. For every dollar states spend on Medicaid, the federal government matches approximately $3, with variations across funding formulas for states. As the Medicaid programs grow, hospitals receive more in Medicaid payments than they spend on paying Medicaid provider taxes.

This "free lunch," as the *Journal* calls it, "has enabled states to expand benefits and greatly diminished the incentive to operate [Medicaid] efficiently" and provide better healthcare for the poor.

Precisely, the drive to provide better care, especially to the poorest and most vulnerable patients, is the key to significant savings for taxpayers. It's an antidote to budget cuts. This transformation of Medicaid is happening at the state and grassroots levels, where experimentation may eventually create a blueprint for a rollout at the federal level. It's a new, smarter Medicaid.

This fresh take on Medicaid has been the mission of SOMOS Community Care. SOMOS Community Care implements health equity programs and initiatives across its network of over 2,500 independent, community-based healthcare providers—predominantly primary care—and collaborates with hundreds of local social service organizations that address patients' social determinants of health.

Since its launch in 2014, under the leadership of Dr. Ramon Tallaj, SOMOS has pioneered the Value-Based Care (VBC) model in which the financial incentives encourage providers to

focus on preventive care, chronic disease management, and reducing unnecessary procedures or hospitalizations, ultimately aiming for better patient health at a lower overall cost. VBC is a vital antidote to the waste and fraud inherent in the traditional Medicaid fee-for-service model, which, by and large, delivers mediocre care at best.

SOMOS deploys CHWs in underserved areas of New York City to effectively address the Social Determinants of Health (SDOH) impacting their patients, which is crucial for success in a Value-Based Care (VBC) model. They inform providers about the Social Determinants of Health, also known as Health-Related Social Needs, in the lives of patients, such as lack of access to nutrition, poverty, lack of education, transportation, etc. CHWs enable SOMOS to provide more proactive, personalized, and effective care that addresses the root causes of poor health, leading to superior care for patients and significant savings for the healthcare system.

The provider is now armed with comprehensive and intimate knowledge of a patient's needs, medical, social, and behavioral, which helps build a strong patient-doctor bond –a critical element in the Value Based Care model.

Last winter, the integration of medical and social care took a major step forward with the launch of nine Social Care Networks (SCNs) across New York State. As part of this initiative, SOMOS serves as the lead entity for the Social Care Network initiative in the Bronx.

The Social Care Networks across the state will be provided with $500 million for the Social Care Network programs which are part of a larger $7.5 billion three-year waiver with nearly $6 billion in federal funding, aimed at integrating health and social care service needs for Medicaid members. This investment aims to improve the health of Medicaid recipients in New York State, with measures going well beyond traditional healthcare. This includes a full spectrum of social services to address social needs that cause or exacerbate health issues. Social Care Networks facilitate doctors' access to these services.

Medicaid members who need assistance with their unmet Health-Related Social Needs will be connected to the appropriate resources. The overarching goal is to integrate the work of community-based nonprofit organizations with their expertise in a full range of social needs into primary care and behavioral healthcare systems.

Social care wedded to Value-based payment and basic healthcare can produce significant savings for taxpayers even as patients receive superior care. This formula is also getting well-deserved attention from the for-profit healthcare industry.

Such was the achievement of SOMOS when it secured savings of $330 million by reducing ER admissions by 35% through targeted interventions.

With a Medicaid population of approximately 71million, there is the promise of enormous savings when Medicaid patients receive quality care that keeps them out of costly hospital beds. There is a future beyond the 'One Big Beautiful Bill Act.'

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