

State cuts to Medicaid affect patients, providers

By SHANNON McCAFFREY, Associated Press – Dec 27, 2011

ATLANTA (AP) — Just as Medicaid prepares for a vast expansion under the federal health care overhaul, the 47-year-old entitlement program for the poor is under increasing pressure as deficit-burdened states chip away at benefits and cut payments to doctors.

Nearly every state has proposed or implemented a plan in its current budget to rein in costs, and many are considering additional cuts in the year ahead.

For the tens of millions of poor and disabled who rely on the program — approaching nearly one in five Americans — the cuts translate into longer waits for doctors, restrictions on prescription drugs, a halt to vision and dental care, staff cuts at nursing homes and dwindling access to home health care.

Ruth Wohlforth, 70, is among those feeling the effects.

Her \$700 monthly income qualifies her for both Medicare and Medicaid, but she says her benefits have been reduced, she's being forced her to make co-pays for the first time on prescription drugs, and she now has to drive about 30 minutes from her home near the southern tip of New Jersey to see a doctor. Some of her friends have been assigned to doctors in Philadelphia.

She said she feels lawmakers are not aware of the real-world consequences of their spending cuts.

"I've seen so many people in tears, and they don't know what to do," Wohlforth said. "People that are older than I am, and are in worse shape, they get befuddled by the whole thing. They don't know where to go for help; they just feel they're not being listened to."

States are reshaping the Medicaid landscape even as the need has grown along with joblessness during the recession.

The \$427 billion-a-year program, a combination of state and federal funding, also had been targeted for additional cuts at the federal level this year as members of Congress sparred over how to reduce the nation's debt. But funding seems safe for now after a special committee failed last month to reach an agreement on how to cut overall spending.

Already, many changes at the state level have been dramatic and are testing the legal bounds of what Medicaid must provide:

— Arizona, for a time, eliminated life-saving transplants for Medicaid patients, and hospital officials in the state blame at least one death on the halt in coverage. Gov. Jan

Brewer restored transplants but is prohibiting thousands of low-income, childless adults from entering the program and has added fees on those who smoke and the obese.

— New Jersey Gov. Chris Christie is pushing a plan under which only the poorest would qualify. A parent of two making more than \$103 per week would no longer be eligible for coverage.

— The U.S. Supreme Court will decide whether California has the right to continue cutting payments to physicians and other Medicaid providers to help close the state's ongoing budget deficit.

Cuts to provider fees, as in California, have been the most frequently used tactic by states to save Medicaid costs. A recent survey by the National Association of State Budget Officers found that 33 states wanted to reduce provider rates and another 16 sought to freeze them.

California was granted permission by federal officials to make broad cuts to reimbursement rates to its Medicaid program, known as Medi-Cal, in October. The cuts include a 10 percent reduction to payments for outpatient services for doctors, clinics, optometrists, dental services, medical equipment and pharmacy. They are intended to save the state an estimated \$623 million.

A coalition of trade associations representing doctors, pharmacists and chain drug stores has filed a lawsuit seeking to stop the cuts. Doctors who care for Medi-Cal patients say they already have been subjected to multiple pay cuts, and some say they no longer will be able to serve the state's neediest patients.

About 70 percent of Dr. Douglas Tolley's practice in Yuba County is covered by Medi-Cal. The 64-year-old obstetrician, who practices in a largely agricultural region about 40 minutes north of the state capital, said he is the old-school sort of doctor who "was brought up in a time when doctors took care of all comers."

Yet he has seen his income steadily drop over the last 18 years — down one-third from what it was when he started.

"Everybody understands that doctors are basically small business people, and we have to meet our cost plus make a living," Tolley said. "Just meeting our cost doesn't mean staying in business."

Even more state cuts could be on the horizon. In Maine, Gov. Paul LePage recently proposed removing 65,000 residents from the program, citing a state Medicaid shortfall estimated to reach \$221 million through mid-2013. The Republican governor says he will not consider tax increases to make up the difference.

State officials, who are required to balance their budgets, argue they have no choice but to cut into Medicaid after four straight years of budget deficits. With state and federal

funds combined, Medicaid makes up 22 percent of total state spending, the largest single portion of most state budgets, according to the National Association of State Budget Officers.

Critics say the moves are shortsighted.

Joan Alker, co-executive director of the Center for Children and Families at Georgetown University, said slashing Medicaid will not stop the sick from seeking care, sending them to emergency rooms and ultimately inflating private medical insurance premiums.

"At the end of the day, for the children, the individuals with disabilities, the seniors in nursing homes, their health care needs are not going to go away just because someone cuts the Medicaid program," Alker said.

Jerry Kemmer, a former Democratic state assemblyman in New York, said Medicaid has long been an issue lawmakers did not want to touch. Now, they simply have no choice.

"It's ballooned to the extent that it's just become a budget-buster," he said.

Six million people have joined the Medicaid rolls since the recession began in late 2007. Enrollment nationally topped 50 million for the first time in June 2010, a number that is projected to keep rising, especially as the nation's unemployment rate remains high.

Billions of dollars from the federal stimulus program helped avoid deep Medicaid cuts through the worst of the recession, but the last of that money dried up this year.

In Florida, Medicaid reimbursement rates were reduced this year by 12 percent for most hospitals, although rural and children's hospitals were cut just 3 percent, and rates for nursing homes were cut 6.5 percent.

But the start of the next legislative session in January already has some people worried about additional cuts.

Debra St. Fleur, 25, of Miami, is covered by Medicaid, along with her 1-year-old son. Many of her neighbors in the city's Little Haiti section are on Medicaid, too, and she worries what would happen if services continue to be eroded.

"It's really scary," she said. "If they can't get their medicine, what's going to happen? They're going to die."

The Obama administration is concerned enough about the widespread Medicaid provider cuts that it has introduced a rule that would make it harder for states to slash the rates. The move is designed to ensure that those eligible for Medicaid are not denied access due to a shortage of health care resources.

Medicaid reimbursement rates already trail those physicians receive for treating Medicare patients and those with private insurance. A study by the nonpartisan Center for Studying Health System Change found that on, average, Medicaid would reimburse a doctor \$39 for 45 minutes for a new patient hospital visit, compared to \$63 for Medicare.

Physician groups say that has left more and more doctors declining to see Medicaid clients. Some providers are trying to find other ways to make up for the cuts.

In Columbia, S.C., Julie Ann Avin, executive director of the private, nonprofit Mental Illness Recovery Center Inc., has decided not to fill staff vacancies and also cut back on some rehab services because of Medicaid's new authorization process. The center serves about 650 people annually, close to 60 percent of whom are on Medicaid.

"We accept folks regardless," Avin said. "Everything that we do is not based just on a reimbursement."

Molly Collins Offner, director of policy development for the American Hospital Association, said emergency rooms must accept Medicaid clients, as well as those without insurance.

"More and more, you are seeing ER's becoming primary care docs," she said.

She said deep cuts rippling through the Medicaid system will only exacerbate that.

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