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As Medicaid Payments Shrink, Patients Are Abandoned

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FLINT, Mich. — Carol Y. Vliet’s [cancer](#) returned with a fury last summer, the [tumors](#) metastasizing to her brain, liver, kidneys and throat.

As she began a punishing regimen of [chemotherapy](#) and radiation, Mrs. Vliet found a measure of comfort in her monthly appointments with her primary care physician, Dr. Saed J. Sahouri, who had been monitoring her health for nearly two years.

She was devastated, therefore, when Dr. Sahouri informed her a few months later that he could no longer see her because, like a growing number of doctors, he had stopped taking patients with [Medicaid](#).

Dr. Sahouri said that his reimbursements from Medicaid were so low — often no more than \$25 per office visit — that he was losing money every time a patient walked in his exam room.

The final insult, he said, came when Michigan cut those payments by 8 percent last year to help close a gaping budget shortfall.

“My office manager was telling me to do this for a long time, and I resisted,” Dr. Sahouri said. “But after a while you realize that we’re really losing money on seeing those patients, not even breaking even. We were starting to lose more and more money, month after month.”

It has not taken long for communities like Flint to feel the downstream effects of a nationwide [torrent of state cuts to Medicaid](#), the government insurance program for the poor and disabled. With states squeezing payments to providers even as the economy fuels explosive growth in enrollment, patients are finding it increasingly difficult to locate doctors and dentists who will accept their coverage. Inevitably, many defer care or wind up in hospital emergency rooms, which are required to take anyone in an urgent condition.

Mrs. Vliet, 53, who lives just outside Flint, has yet to find a replacement for Dr. Sahouri. “When you build a relationship, you want to stay with that doctor,” she said recently, her face gaunt from disease, and her head wrapped in a floral bandanna. “You don’t want to go from doctor to doctor to doctor and have strangers looking at you that don’t have a clue who you are.”

The inadequacy of Medicaid payments is severe enough that it has become a rare point of agreement in the health care debate between [President Obama](#) and Congressional Republicans. In a [letter to Congress](#) after their February health care meeting, Mr. Obama wrote that rates might need to rise if Democrats achieved their goal of extending Medicaid eligibility to 15 million uninsured Americans.

In 2008, Medicaid reimbursements averaged only 72 percent of the rates paid by [Medicare](#), which are themselves typically well below those of commercial insurers, [according to the Urban Institute](#), a research group. At 63 percent, Michigan had the sixth-lowest rate in the country, even before the recent cuts.

In Flint, Dr. Nita M. Kulkarni, an obstetrician, receives \$29.42 from Medicaid for a visit that would bill \$69.63 from Blue Cross Blue Shield of Michigan. She receives \$842.16 from Medicaid for a Caesarean delivery, compared with \$1,393.31 from Blue Cross.

If she takes too many Medicaid patients, she said, she cannot afford overhead expenses like staff salaries, the office mortgage and malpractice insurance that will run \$42,800 this year. She also said she feared being sued by Medicaid patients because they might be at higher risk for problem pregnancies, because of underlying health problems.

As a result, she takes new Medicaid patients only if they are relatives or friends of existing patients. But her guilt is assuaged somewhat, she said, because her husband, who is also her office mate, Dr. Bobby B. Mukkamala, an ear, nose and throat specialist, is able to take Medicaid. She said he is able to do so because only a modest share of his patients have it.

The states and the federal government share the cost of Medicaid, which saw a record enrollment increase of 3.3 million people last year. The program now benefits 47 million people, primarily children, pregnant women, disabled adults and nursing

home residents. It falls to the states to control spending by setting limits on eligibility, benefits and provider payments within broad federal guidelines.

Michigan, like many other states, did just that last year, packaging the 8 percent reimbursement cut with the elimination of dental, vision, podiatry, hearing and chiropractic services for adults.

When Randy C. Smith showed up recently at a Hamilton Community Health Network clinic near Flint, complaining of a throbbing molar, Dr. Miriam L. Parker had to inform him that Medicaid no longer covered the root canal and crown he needed.

A landscaper who has been without work for 15 months, Mr. Smith, 46, said he could not afford the \$2,000 cost. "I guess I'll just take Tylenol or Motrin," he said before leaving.

This year, Gov. [Jennifer M. Granholm](#), a Democrat, has revived a proposal to impose a 3 percent tax on physician revenues. Without the tax, she has warned, the state may have to reduce payments to health care providers by 11 percent.

In Flint, the birthplace of [General Motors](#), the collapse of automobile manufacturing has melded with the [recession](#) to drive unemployment to a staggering 27 percent. About one in four non-elderly [residents of Genesee County are uninsured](#), and one in five depends on Medicaid. The county's Medicaid rolls have grown by 37 percent since 2001, and the program now pays for half of all childbirths.

[But surveys show](#) the share of doctors accepting new Medicaid patients is declining. Waits for an appointment at the city's federally subsidized health clinic, where most patients have Medicaid, have lengthened to four months from six weeks in 2008. Parents like Rebecca and Jeffrey Curtis, who had brought their 2-year-old son, Brian, to the clinic, say they have struggled to find a pediatrician.

"I called four or five doctors and asked if they accepted our Medicaid plan," said Ms. Curtis, a 21-year-old waitress. "It would always be, 'No, I'm sorry.' It kind of makes us feel like second-class citizens."

As physicians limit their Medicaid practices, emergency rooms are seeing more patients who do not need acute care.

At Genesys Regional Medical Center, one of three area [hospitals](#), Medicaid volume is up 14 percent over last year. At Hurley Medical Center, the city's safety net hospital, Dr. Michael Jaggi detects the difference when advising emergency room patients to seek follow-up treatment.

"We get met with the blank stare of 'Where do I go from here?' " said Dr. Jaggi, the chief of emergency medicine.

New doctors, with their mountains of medical school debt, are fleeing the state because of payment cuts and proposed taxes. Dr. Kiet A. Doan, a surgeon in Flint, said that of 72 residents he had trained at local hospitals only two had stayed in the area, and both are natives.

Access to care can be even more challenging in remote parts of the state. The MidMichigan Medical Center in Clare, about 90 miles northwest of Flint, closed its obstetrics unit last year because Medicaid reimbursements covered only 65 percent of actual costs. Two other hospitals in the region might follow suit, potentially leaving 16 contiguous counties without obstetrics.

Medicaid enrollees in Michigan's midsection have grown accustomed to long journeys for care. This month, Shannon M. Brown of Winn skipped work to drive her 8-year-old son more than two hours for a five-minute consultation with Dr. Mukkamala. Her pediatrician could not find a specialist any closer who would take Medicaid, she said.

Later this month, she will take the predawn drive again so Dr. Mukkamala can remove her son's tonsils and [adenoids](#). "He's going to have to sit in the car for three hours after his surgery," Mrs. Brown said. "I'm not looking forward to that one."