

Medicaid squeeze: Shrinking federal reimbursements cause doctors to limit care to needy

Louise Knott Ahern • lkahern@lsj.com
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In a 16-county swath across Northern Michigan, pregnant women have to drive an hour or more to reach a hospital where they can deliver their babies.

From Cheboygan to West Branch to Clare, hospitals have been closing their obstetrics units since last summer in a startling domino effect that has health care activists worried about care availability for rural mothers and babies. But they're equally alarmed about the reason behind the hospital closures.

The hospitals blame, in large part, Medicaid. And health care reform advocates say that reflects a broader problem.

Since 2002, the state has been chipping away at how much it reimburses doctors and hospitals for treating Medicaid patients to a point where some say they've reached a painful bottom-line reality: It has become too expensive to treat poor people.

"In 2009, we billed over \$731,000 in our OB department from Medicaid," said Mike Grisdale, public relations director for Cheboygan Memorial Hospital. "Our hospital was reimbursed 27 percent of that. That's \$197,000.

"Fifty-eight percent of our OB patients were on Medicaid. I don't think OB departments are made to make money, but nor can you continue to lose money."

Shrinking reimbursement rates have forced more doctors to either close their doors to new Medicaid patients or drop out of the program altogether, said Jan Hudson, a research analyst for the Michigan League for Human Services.

"We have a critical shortage of doctors willing to provide for Medicaid patients," said Hudson, who previously was a Medicaid analyst for the state. "We have more than enough plastic surgeons to go around ... but do we have enough primary care physicians who are willing to accept Medicaid? No."

The result: Low-income people often have to travel long distances, wait months to get appointments or simply go without care in certain specialties, said Marianne Udow-Phillips, former director of the state's Department of Human Services.

"We did a survey last year which found that 35 percent of those on Medicaid had difficulty finding access to a provider," said Udow-Phillips, who now heads a think tank called the Center for Healthcare Research and Transformation.

"When I was with the Department of Human Services, all the kids in the foster care system had Medicaid coverage and dental coverage. But many of them could not find dentists to care for them. Just having the card didn't mean anything."

85% accept Medicaid

State Medicaid officials confirm there are fewer doctors today serving Medicaid patients.

A survey by the Department of Community Health - which administers Medicaid - found that 85 percent of licensed doctors served Medicaid patients in 2009, down from 89 percent in 2006.

Of those, the number willing to take on new Medicaid patients dropped from 80 percent to 73 percent.

"Physician participation in our program is hard to measure," DCH spokesman James McCurtis said. "Just because a physician is enrolled in Medicaid

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does not mean they are taking new Medicaid patients or that they have a high volume of Medicaid patients."

He added that the majority of Medicaid patients are enrolled in the program through health maintenance organizations - and the HMOs are required to make sure there are enough doctors to serve those people.

"If a Medicaid HMO enrollee reports an access issue, Medicaid staff will contact the HMO and request their assistance in coordinating care," McCurtis said.

The State Journal in October requested from DCH data comparing Medicaid payments made to private practice doctors with payments made to community-based health centers. Department officials said they could not provide the information prior to the publication of this report.

State lawmakers have shaved reimbursements in two 4 percent chunks since 2002. Reimbursements vary by medical procedure.

Though further cuts were rejected in the 2011 state budget - largely thanks to a one-time injection of federal emergency funds - doctors say the damage has been done.

Especially since the number of people on Medicaid has soared at the same time reimbursements have dropped. Since 2002, Medicaid enrollment in Michigan has swelled 54 percent to 1.9 million people.

For some doctors, that contradictory math means the system just doesn't work for them anymore, said Daniel Michael, president of the Michigan State Medical Society.

"When it was just a handful of patients in your practice and the rest of your folks had good insurance, many doctors looked at Medicaid as a form of charity," said Michael, a neurosurgeon in the Detroit area.

"But because more people are relying on Medicaid today, you can't treat it like charity anymore."

Gearing up for 2014

Few private-practice doctors are willing to talk publicly about the issue. Michael said, because it

makes them look like the villains in a war against the uninsured.

But advocates say the issue needs to come to light because things are going to get more complicated in the next four years.

Health care professionals are gearing up for 2014, when a provision of the federal health care reform act [President Barack Obama](#) signed earlier this year goes into effect that will allow more people to become eligible for Medicaid.

Estimates vary - from 375,000 to 800,000 - on how many new enrollees the expansion will add to Michigan's Medicaid rolls.

Reform proponents celebrate that as a victory in their fight to shrink the ranks of the uninsured, but they're also frightened by a potential supply-and-demand crisis.

If the state can't serve the people it has today, they ask, how can it be ready to serve even more in four years?

Under the act, the federal government would cover the costs of newly eligible patients for two years, with states slowly picking up the bill in increasing increments through 2020.

The act also calls for federal dollars to temporarily boost reimbursements to primary care physicians.

"There is a hope that all doctors will help, and that is part of why the law raises the payment to primary care physicians," said Udow-Phillips. "It was

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intended specifically to try to get more private-practice doctors to see Medicaid patients."

Ingham's network

Another solution may be found right here in Ingham County, which runs a network of health centers for low-income people and the uninsured.

The network started out as a **service** for homeless people. But over the past couple of years, the center has achieved status as a "federally qualified health center," a classification that allows it to receive reimbursements dollars to serve uninsured and Medicaid patients.

There are 32 federally qualified health centers in Michigan, which oversee and run 160 clinic sites.

Ingham County's network now serves 20,000 people every year, said Phil Wilkinson, director of two centers.

The growth in Medicaid already has nearly maxed out what they can offer.

"We're looking at three to four months out for getting a new appointment," he said. "We've been overwhelmed in new patients."

The reform act provides money to expand centers like Ingham County's to serve the larger numbers of Medicaid patients.

Wilkinson said they're already looking at ways to make use of the money.

"The bottom line is that for us to really attempt to meet the 2014 group, we just don't have the facilities to handle it," he said. "There are only so many things you can do before you say, 'This is it. We can't do any more.' I think we're fast closing in on that."



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Cristo Rey clinic: Dr. Peter Cooke of Cristo Rey Family Health Clinic examines Fay Miller of Lansing. The clinic participates with the Ingham County Health Plan, Medicaid and Medicare.

Study the numbers

- How many people are on Medicaid in your county or community? The Michigan Department of Human Services publishes statistics online at michigan.gov/dhs in a publication called "The Green Book."

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