

## California gets OK for large cuts to Medi-Cal

California plans to reduce payments to many Medi-Cal providers by 10%. The federal government's approval of the budget-cutting measure raises concerns from doctors and others.



Nurses participate in a rally in front of the Capitol Hill Club in Washington, D.C. Nurses delivered a letter to the Republican National Committee spelling out how cuts to Medicaid and Medicare would hurt Americans and cripple job growth. (Mark Wilson / Getty Images / October 19, 2011)

By Anna Gorman, Los Angeles Times

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The Obama administration will allow California to cut hundreds of millions of dollars from Medi-Cal, a move doctors and experts say will make it harder for the poor to get medical treatment.

California plans to reduce rates by 10% to many providers, including physicians, dentists, clinics, pharmacies and most nursing homes, the Centers for Medicare and Medicaid Services announced Thursday.

The cuts "will have a real impact on Medi-Cal patients" because fewer doctors will be willing to see those covered by the program, which serves 7.6 million poor and disabled Californians, said Anthony Wright, executive director of Health Access, a consumer group. The head of the California Medical Assn., which represents doctors, echoed the concern.

Cindy Mann, deputy administrator of the Centers for Medicare and Medicaid Services, told reporters the action gives California the flexibility it had requested to address its budget shortfall. "We know that the reductions that are being approved today will have significant impact on affected providers, and we regret the very difficult budget circumstances that have led to their implementation," she said.

The cuts are expected to save the state \$623 million. California spends \$14 billion on Medi-Cal, the state's Medicaid program.

"The budget actions that the state had to make were very difficult decisions," said Toby Douglas, director of the state Department of Healthcare Services. "But we knew we had to move forward with these reductions."

Federal law requires that Medicaid beneficiaries be able to access healthcare services to the same extent as the general population in their area. California health officials will monitor whether the changes will affect that access.

The state withdrew a separate request to cut rates to hospitals and to children's medical providers after determining those reductions could make it harder for patients to get care.

Yet to be decided is the state's request to add co-pays for Medi-Cal recipients and limit the number of times people can see a doctor. Under that proposal, patients would have to come up with co-pays of \$5 for doctor's appointments, \$50 for emergency room visits and \$100 a day for hospital stays. Most beneficiaries would be allowed to visit the doctor seven times a year.

Medicaid pays for medical care for nearly 60 million people nationwide and is jointly funded by states and the federal government. But shrinking state revenue and increasing numbers of enrollees have forced states to cut costs to make up budget deficits. Stimulus money postponed the effects of the recession, but that extra federal funding dried up in June.

A 50-state survey released by the Kaiser Family Foundation on Thursday showed that nearly every state has required co-payments, eliminated benefits, moved more patients into managed care or taken other actions to reduce costs. Like California, many states are also trying to control spending by reducing payments to doctors.

"All of these things reflect the ongoing, persistent budget pressure that has just accumulated from year to year," said Vernon Smith, one of the authors of the Kaiser report.

California, which already spends less per beneficiary than any other state, has led the way in aggressively slashing its programs. Now the government's decision to allow California to move forward with its plans sets a precedent for other states seeking to reduce their Medicaid bills.

The California Medical Assn. expressed frustration over the new cuts, saying that physicians could receive as little as \$11 a visit. Doctors will have no choice but to stop seeing Medi-Cal patients, said CEO Dustin Corcoran. "You can't pay the bills at these rates," he said. "They are unconscionably low."

Federal healthcare reform, which includes a massive expansion of Medicaid, also could be seriously hampered by this new round of cuts, Corcoran said.

"They built federal healthcare reform on the foundation of Medi-Cal, and they just destroyed that foundation," he said. "We have a hard time seeing how healthcare reform has a chance of being successful in the state of California after these cuts are implemented."

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