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Obama administration approves California Medi-Cal cuts

Gov. **Jerry Brown** scored a budget win Thursday as the **Obama administration** approved a major share of Medi-Cal cuts that health care providers and patient advocates said would cut off medical access to the state's most vulnerable residents.

The federal **Centers for Medicare & Medicaid Services (CMS)** will allow the state to cut [reimbursement rates](#) by 10 percent this fiscal year for a variety of Medi-Cal providers, including physicians, pharmacists and optometrists. The state Department of Health Care Services says it will not cut rates paid to pediatricians or home health providers.

California Medical Association CEO Dustin Corcoran said Thursday his group will file suit asking the court to immediately block this latest round of Medi-Cal cuts.

The state expects to save a significant part of the projected \$623 million associated with the [rate cut](#), though it may fall short due to excluding some services.

Doctors, pharmacists and patient advocates lobbied CMS this summer to block the Medi-Cal cuts, suggesting that many providers would abandon the system.

"We are providing California with flexibility to address their difficult budget circumstances while protecting the health care needs of Californians served by the [Medicaid program](#)," said Cindy Mann, Deputy Administrator and Director of the Center for Medicaid and CHIP Services, in a statement. "Many of the state's rate cut proposals are now off the table, and we and the state will monitor implementation of the remaining reductions on an ongoing basis to ensure that they do not jeopardize Californians' access to care."

California, which already ranks among the nation's worst in Medicaid reimbursements, approved 10 percent [rate cuts](#) as part of the 2011-12 [budget deal](#). The state initially faced a \$26 billion deficit, which lawmakers and Brown resolved by a mix of cuts and an assumption that [tax revenues](#) would grow throughout the fiscal year.

State leaders also approved mandatory co-payments for Medi-Cal patients, as well as a conditional cap on health care visits. Federal officials have yet to weigh in on those cuts. All told, Medi-Cal cuts add up to \$1.7 billion, though not all require federal approval.

Providers and patients filed suit against similar [rate cuts](#) in previous budgets. Federal courts blocked or reduced those reductions, but the [U.S. Supreme Court](#) this month heard arguments on whether outside groups had the legal right to challenge Medicaid cuts.

Corrected to note that nursing homes were not exempted from the cut.

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