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BAZAR: California's Medi-Cal must do more with less

By Emily Bazar

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How do you cut public health care services and expand them at the same time? That's the challenge Toby Douglas faces as he navigates Medi-Cal through drastic state budget cuts and prepares the program to enroll up to 3 million more people under health care reform.

Medi-Cal is the state's Medicaid program, and provides health coverage to 7.6 million poor, disabled and elderly Californians. It provides primary health coverage and offers optional benefits such as Adult Day Health Care and In-Home Supportive Services, which are alternatives to nursing home care.

This year Medi-Cal took a $1.7 billion budget hit, and as a result has made some unpopular changes, such as eliminating the adult day health program and proposing co-payments for services.

We asked Douglas, director of the state Department of Health Care Services, to discuss these challenges.

Q: Last month, the federal government approved California's request to cut Medi-Cal payments to doctors, hospitals and other providers by 10 percent. Some say that doctors, especially in poor and rural areas, will increasingly stop taking Medi-Cal, which will make it harder for some Californians to access health care. True?

(Renee C. Byer/The Sacramento Bee rbyer@sacbee.com) - Among services provided through Medi-Cal are in-home supportive services; obstetrics/gynecology; and adult day health care. The state-federal hybrid program serves about 7.6 million poor, disabled and seniors.

A: These payment reductions are going to have impacts on our providers and our beneficiaries. That being said, we did it in a way that ensured there would continue to be access. When one says access, it doesn't necessarily mean they can go to the same place they've always gone. But at the end of the day, does it mean that we think that for someone who needs services, whatever those services are, that there will be providers in their geographic area to meet their needs? Yes. But could it mean it might not be the same provider or the same location or at different hours? There will be impacts, but we believe there will be access.

California Department of Health

Toby Douglas, director, California Department of Health Care Services

Q: How can the state enroll 3 million new beneficiaries under health reform as it slashes Medi-Cal?

A: This is the tough challenge we have ahead. We're not just blindly cutting services without continuing to assess and monitor the implications. It won't be 2 million in one day, but as we ramp up and additional individuals come into the program, we will have to assess the implications on access and the ability to ensure a sufficient network of providers.

Q: Will there be enough doctors, clinics and other providers to care for the new Medi-Cal beneficiaries, particularly in light of the recent cuts?

A: There are fiscal pressures that are not in our complete control. This was the concern the previous administration had with health care reform, that health care reform put so much focus on the expansion and did not increase funding for provider rates.

To the extent that we have to expand for the new population, it still means the current population has to be served. It is definitely a concern on capacity and access.

Q: Last year, the state hammered out a five-year, $10 billion agreement with the federal government which aims to expand uninsured residents' access to public health programs in advance of health reform. How will cuts to Medi-Cal affect this effort?

A: We're still moving forward with implementing the program in almost all the counties by early 2012. Fresno County is one county where it doesn't look very positive. Otherwise we're having great participation and interest. The populations are going to be able to receive more coordinated care, access primary care providers and receive care management. Hopefully we can reduce cost through more prevention now rather than waiting for 2014.

The funding comes from the counties. It's not directly impacted by the reductions. We haven't heard any counties saying that because of the reductions, we're not able to do the program.

Q: Who benefits the most from these programs?

A: This covers that population that falls between the cracks that is primarily called our "childless adults." These are adults that are able-bodied, and many are on the cusp of being considered disabled but they are not disabled. And they don't have kids. Yet they have many chronic medical conditions, are some of the high- cost users of our medical system and coordinating their care now will really benefit them as well as the system as a whole.

Q: Some recent budget cuts are to programs such as Adult Day Health Care, which aim to keep people out of emergency rooms and nursing homes. Don't these cuts undermine some key goals of health reform, including preventive care and better management of chronic conditions?

A: We are caught in a very difficult environment right now where we face immediate budget fiscal realities and the revenue picture is not seeming to get any better. A Medicaid program has mandatory benefits. You have only a few areas where you can make reductions. Where are those limited places? Optional services. California has been at the forefront over the years at providing a vast array of home- and community-based services, including In-Home Supportive Services and adult day health centers.

They have been very valuable on many levels, but we are now forced with having to balance the fiscal realities and having to make reductions. We just don't have the revenue and the funding to preserve all services.

Q: How will the state ensure that the 35,000 seniors and others who use adult day health will continue to receive the services they need?

A: For the most acute, those who are at a nursing facility level of care, there will be a waiver available for them to continue to receive the equivalent of adult day health services through the adult day health centers. We realize that's not going to cover all, but those who are definitely at risk of institutionalization without this benefit.

We also have offered to enroll all the individuals into care management to coordinate their care, either through our managed care plans or through a contractor to the state. Care management services can include nursing, both in person or by phone, and facilitation of care planning.

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