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Coalition Deems State's Planned Medicaid Cuts Extreme and Illegal

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Planned cuts to state health care programs for the needy take effect July 1, unless a class-action lawsuit puts a temporary halt to the measure.

State budget cuts to Medi-Cal, the state's Medicaid program for low-income individuals, and Denti-Cal, the state's Medicaid dental program, would reduce reimbursement payments to hospitals, dental clinics and other health care providers by 10 percent.

Groups such as the California Hospital Association and the California Medical Association contend that the reductions in reimbursements would result in a lack of doctors willing to accept patients under Medi-Cal.

California ranks last in the nation in terms of funding health care for Medicaid patients. Today, fewer than half of doctors in the state accept Medi-Cal patients because of low reimbursement rates. As a result, they say, already crowded emergency rooms would be filled with additional patients seeking care.

"They're going to show up in the ERs and end up in the hospital where they needn't be," said Dr. Kenneth Morris, chief medical officer of North County Health Services, which operates 10 community clinics. "This represents the health of not just the community centers but the health of the community as a whole."

The hospital and medical associations, along with a coalition of other health care providers, filed a lawsuit in Los Angeles Superior Court earlier this year contending that the cuts violate state and federal laws that require Medicaid payments to "be sufficient enough to enlist enough providers so that services under the (state's Medicaid) plan are available to recipients at least to the extent that those services are available to the general public."

Returned To State Court

In late May, the state attorney general's office moved the case from state to federal court, asserting that the case concerned questions of federal law. A judge ruled June 23 that the arguments raised were not matters of federal law, returning the case to the Los Angeles state court. Lawyers for the coalition of health care providers said they plan to seek an expedited hearing on the matter.

"We are hopeful that the court will rule in our favor before the effects are felt," said Jan Emerson, spokeswoman for the California Hospital Association.

Although the cuts affect patient care delivered on July 1 or later, hospitals aren't likely to feel the effects immediately because the claims process generally takes a month or two.

Steve Escoboza, president and chief executive of the Hospital Association of San Diego and Imperial Counties, said although the majority of county hospitals are exempt from the 10 percent reductions, hospitals operating in rural areas and sub-acute hospitals treating seriously ill patients

will be heavily impacted.

Sharp Coronado Hospital has one of the largest sub-acute patient populations in the state, predominantly patients dependent on ventilators. It will lose more than \$2 million annually by the 10 percent reductions, according to the hospital association's estimates. If the sub-acute units close their beds, the patients will have nowhere to go except to the nearest hospital's intensive care unit, which will create further backup in emergency departments, Escoboza said.

Altogether, the California Hospital Association estimates the cuts will have an economic impact of about \$40 million for fiscal year 2008-09.

Delayed Payments?

Especially concerned about reductions in Medi-Cal payments are San Diego's community clinics, which provide so-called "safety net" services to uninsured and low-income patients. A delay in the budget's approval could freeze up reimbursement payments for August, possibly longer.

"Once July 1st is upon us, they will run out of funds to reimburse medical expenditures," said Gary Rotto, director of health policy and fund development for the 17-member Council of Community Clinics servicing San Diego, Imperial and Riverside counties. "They will still provide services, but they won't have the cash flow to pay personnel and keep the lights on and the doors open."

Stephen O'Kane, chief executive of the Council of Community Clinics, said the organization sought help in the form of loans and payment advances from city and county officials.

Luis Montegudo, a spokesman for county Supervisor Greg Cox, who represents District 1 on the Board of Supervisors, said the group's request for a loan was denied.

"Generally, the county doesn't do that kind of a financing," he said.

Plans to reduce Medi-Cal and Denti-Cal payments come at a time when the state is undertaking drastic budget measures to save money. Besides health care services, budget cuts have also affected schools, prisons and state parks.