

By Matthew Herper

Bernadette Sheridan, a doctor at Grace Family Medicine in Canarsie, Brooklyn, has stopped seeing patients covered only by Medicaid, the Federal-State partnership that pays for medical care for the poorest Americans.

Why? Sometimes Sheridan didn't get paid, and when she did, it took forever. New York takes 140 days to process most claims, compared with 41 for South Carolina, according to AthenaHealth, a company that helps doctors get paid. But the worst thing was that all the specialists to whom she wanted to refer patients had already stopped taking Medicaid. If a woman showed up with a lump in her breast, Sheridan had to just send the patient to a clinic or emergency room.

[In Pictures: The 10 Worst States To Be Sick And Poor](#)

What scares her most, she says, is that the many people with families who suffer from chronic illnesses are "only a pink slip away" from a hard-to-navigate system that she calls "a horror."

Medicaid is the primary medical insurance for 55 million Americans. Another 47 million are uninsured and finding ways to cover these people is expected to be a big point of focus for the administration of President-elect Barack Obama.

But what you get varies widely depending on where you are. Unlike Medicare, which takes care of senior citizens, Medicaid is a patchwork of 51 different state programs that get federal funds of between 50 cents and 77 cents for every taxpayer dollar they spend.

State budgets are often strapped, and priorities differ, so the quality of care, what patients need to do to get coverage and what the plans will pay for all vary wildly from state to state.

Public Citizen, a watchdog group, collated data from the Kaiser Family Foundation in April 2007 [to create the only ranking](#) of how Medicare programs rank state by state, the basis for this ranking of the worst places to be sick and poor--that is, the places where it would be worst to get stuck on Medicaid.

States were ranked based on their standards for determining who was eligible--although Medicaid is a program for the poor, other requirements, such as having certain health conditions, must also be met; Medicaid actually doesn't cover 60% of poor Americans.

Another big criteria: the scope of a state's coverage. Many states don't pay for necessities like dentures and hearing aids.

Also considered was whether the quality of care--measured by statistics that looked at outcomes and whether certain basic frameworks were in place to protect patients--and how well the Medicaid plans did in paying doctors like Sheridan.

Mississippi ranked last, mainly because it excludes medically needy patients, and Idaho came in second-to-last for pretty much the same reason--dinged for lacking a Medicaid fraud unit and for poor nursing home care. Texas did badly across the board. Oklahoma did a good job of making a large number of people eligible, but the state limited what kinds of services could be covered.

"Unless a plan is doing well on everything, patients are getting the short end of the stick," says Sidney Wolfe, director of Public Citizen's Health Research Group and an author of the report. "You can have fairly good scope of services, like New York, but then if you pay the providers a low amount, it is going to be pretty hard to find a doc."

There is no question that later payments lead many doctors to opt out of taking care of Medicaid patients. A recent article in *Health Affairs*, the top journal for health policy studies, found that states whose Medicaid programs pay well but frequently delay payment are accepted by only 87% of doctors, 6% less than those that both pay well and pay on time.

New York is consistently one of the worst at paying doctors, according to data compiled by AthenaHealth, [the public company that has made cutting red tape for physicians a business model](#). Because Chief Executive Jonathan Bush (yes, he's related to the president) has made fixing these slow payments a personal mission, the company has lots to say about why one Medicaid program is different from another.

The problems don't exist with Medicare, or with public health firms like United Healthcare. They seem to relate to an inability of state programs to keep up with industry standards, the company says. In one example, insurers and Medicare switched to identifying every doc by a single number rather than having a different one for each plan. But twenty-four states missed this deadline, Athena says.

High-quality doctors have room in their calendars to see every Medicaid patient, Bush insists, but they've been pushed away by bureaucracy. Doctors do have an incentive to see these patients, even at a low payout, because they've already met their fixed costs--just like an airline selling cheap tickets right before the plane takes off. The problem, he argues, is that there is so much red tape that a doctor might wind up spending a week's worth of an office manager's time getting paid.

In New York, doctors have to requisition special paper in order to file their claims. "George Orwell could not have come up with a more absurd system for the future of health care," Bush says.

The Check's in the Mail

How big state Medicaid programs stack up when it comes to paying doctors, according to AthenaHealth. These are states for which there was enough billing volume to make the list.

State	Days To Process Claim	Number of Claims Resolved The First Time	Denial Rate
South Carolina	40.73	91.56%	15.24%
North Carolina	40.31	91.49%	22.51%
Ohio	55.60	85.58%	14.83%
Louisiana	41.13	87.13%	32.92%
Massachusetts	46.82	83.99%	21.66%
Illinois	78.69	86.76%	9.12%
California	85.34	85.28%	14.16%
Virginia	51.33	83.16%	22.93%
Florida	57.10	82.55%	26.99%
Georgia	97.38	79.30%	23.46%
Texas	84.12	66.39%	25.24%
New York	137.30	57.30%	33.81%

Source: AthenaHealth