

# Report Finds Medicaid Programs in Dire Straits

BY JOYCE FRIEDEN

WASHINGTON — Despite recessionary impacts on their reimbursement, physicians continue to see Medicaid patients, several state Medicaid directors reported.

"Knock on wood; we've not seen an impact," Charles Duarte of the Nevada Department of Health and Human Services, said at a briefing sponsored by the Kaiser Family Foundation. "We still maintain contracts with about 93% of licensed physicians in the state, and about 65% of those indicate they are still seeing new [Medicaid] recipients," according to a survey the department performed earlier in 2009.

"We monitor very carefully," said New York State Medicaid director Deborah Bachrach. "We have not seen an impact on access and we are working very hard with our physician community to enroll more physicians into Medicaid."

Many states are struggling to provide services to Medicaid patients during this economic downturn, according to a 50-state Medicaid survey released by the foundation. On average, although states projected growth in Medicaid spending of 5.8% in fiscal year 2009, spending actually increased 7.9%, according to the survey. At the same time, enrollment growth, projected to grow by 3.6% for the year, was actually 5.4%.

What has allowed states to increase their Medicaid spending has been the American Recovery and Reinvestment Act, said Vernon K. Smith, Ph.D., principal at consulting firm Health Management Associates and one of the co-authors of the report.

In fiscal 2009, "States received Recovery Act funding for 9 months totaling \$29 billion, of which 90% came through Medicaid" in the form of more matching dollars for the program, said Dr. Smith. "Without the federal stimulus funding, the Medicaid story in 2009 would have been dramatically different. Without any doubt we would have seen widespread

cuts to eligibility and ... cuts to payment rates would have been more severe."

The Recovery Act also prevented cuts in another way: In order for the states to get the money, they were required not to make any cuts to Medicaid eligibility.

Although Medicaid spending increased overall in the last fiscal year, the portion of spending that came from states themselves—as opposed to the federal government—dropped by 6.3%, which was "simply unprecedented," Dr. Smith noted. In addition, Medicaid spending for FY 2010 is projected to grow at a slower percentage rate than Medicaid enrollment, which also is highly unusual.

States are expecting the situation to worsen once Recovery Act funding goes away, at the end of 2012, according to Dr. Smith. At that point, more drastic cuts in benefits and payments will likely be considered, along with cuts in eligibility.

Despite the challenges, some states have expanded eligibility for certain categories of beneficiaries, and most have increased or are planning to increase their participation in electronic prescribing and electronic health records initiatives, according to the report. ■

The report, "The Crunch Continues: Medicaid Spending, Coverage and Policy in the Midst of a Recession," is available online at [www.kff.org](http://www.kff.org).

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## DATA WATCH

### PhRMA Topped Health Sector Lobbying in Third Quarter

(in millions)



Source: U.S. Senate Office of Public Records, 2009 data

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### Costs Drive Foot Care Disparities

Almost 40% of African Americans with diabetes delay visits to podiatrists for financial reasons, according to an online survey sponsored by the American Podiatric Medical Association. Kelton Research conducted the survey of 200 African Americans with diabetes and 200 without, all aged 35 and older. Thirty-eight percent of respondents with diabetes put off visits to podiatrists because they couldn't afford them, they had no insurance, or the care wasn't covered by their insurance plans. Nearly half (48%) of the diabetic African Americans said they had never been to a podiatrist for a diabetic foot examination or treatment, although many indicated that they did have foot-related complications such as tingling (45%), burning (22%), and decreased sensation (18%). Of those without diabetes, 54% said that they have at least one family member with the disease. "It is vital that our nation's health care reform plan include stipulations that ensure all Americans, both those with and at risk for diabetes, can afford the necessary diabetes care and management that they require," said Dr. Ronald D. Jensen, APMA president.

### Endocrine-Disrupting Chemicals

The American Medical Association has called for more effective government oversight of endocrine-disrupting chemicals. At its mid-winter meeting, the organization adopted a resolution, introduced by the Endocrine Society, calling for most regulations on the chemicals to be handled by a single office. The exception would be for endocrine disruptors used as pharmaceuticals, which would continue to be regulated by the Food and Drug Administration. The resolution also calls for policies on the chemicals to be based on data from both low- and high-level exposures. "This new resolution marks an important step in engaging policy makers to enact policies that decrease public exposure to these potentially harmful chemicals," said Dr. Robert Vigersky, Endocrine Society president. His group "is concerned that the public may be placed at risk because critical information about the potential health effects of endocrine-disrupting chemicals is being overlooked in the development of federal guidelines and regulations," he said.

### Families' Diabetes Costs Are High

Many households with family members suffering from diabetes find their out-of-pocket health care costs burdensome, according to a report on health insurance and diabetes from the Department of Health and Human Services. One-fourth of households that include someone with diabetes

have health care costs that consume at least 10% of household income, and 8% have costs exceeding 20%. "As a result of such high costs, one in six individuals with diabetes report[s] avoiding or delaying needed medical care," the report notes. The report, available at [www.healthreform.gov/reports/diabetes/index.html](http://www.healthreform.gov/reports/diabetes/index.html), suggests that "health insurance reform" will set a cap on what families pay out of pocket annually for health care.

### New Surgeon General Confirmed

Family physician Regina Benjamin has been unanimously confirmed by the Senate as the U.S. Surgeon General. Dr. Benjamin, founder and CEO of the Bayou La Batre (Ala.) Rural Health Clinic, will start her work by responding to the A(H1N1) influenza pandemic, Health and Human Services Secretary Kathleen Sebelius said in a statement. The American Academy of Family Physicians praised the confirmation. "All Americans will benefit from Dr. Benjamin's medical expertise, clinical experience, and advocacy for all patients," the academy's president, Dr. Lori Heim, said in a statement. "She is committed to ensuring that everyone has access to health care, regardless of economic status."

### Provider Fraud Most Common

Eighty percent of health care fraud involves providers systematically overcharging public or private insurers, says a report from researchers at George Washington University, Washington, and the National Academy for State Health Policy. These schemes disproportionately target demographic groups likely to be enrolled in Medicare and Medicaid. But the researchers also found that fraud information concerning the public programs is frequently confused with payment-error data. The authors recommended stronger laws governing insurance marketing, enrollment, claims payments, and antifraud procedures.

### Pipeline Is Full of Treatments

Pharmaceutical and biotechnology companies have nearly 1,000 medications and vaccines in the pipeline to treat diseases that disproportionately affect women, says a report by the Pharmaceutical Research and Manufacturers of America. The 969 medicines are in clinical trials or under review by the FDA. They include 155 medications for diabetes and 114 for autoimmune diseases, which affect women at a rate three times that for men. Other treatments in the pipeline include 112 for breast cancer, 86 for obstetric/gynecologic conditions, 76 for asthma, 131 for arthritis, and 80 for Alzheimer's disease.

—Joyce Frieden