

Medicaid under review

DHH developing plan to reimburse health-care providers

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Private health-care providers who treat Louisiana's poor are facing a \$180 million cut in the government health insurance program that pays them.

The amount is far less than originally expected. But the cut's impact will be hard to measure until the state Department of Health and Hospitals drafts new rules.

"We are trying to figure out what this does or doesn't do," Louisiana Hospital Association president John Matessino said of the situation. "People keep wanting me to give them a percentage they are going to be cut."

But Matessino said he won't know until DHH comes up with new rules that would tell how much private providers would be paid for the care they render to Medicaid patients.

Some private health-care providers worry that the cuts could result in private physicians leaving the Medicaid program and hospitals reducing services and laying off employees.

The budget for the Medicaid program that pays private providers – hospitals, physicians, pharmacists and others – is expected to be \$4.25 billion for the fiscal year, which begins Wednesday.

It had been \$4.43 billion.

But those calculations are based on an initial review of what happened on the last day of the session.

Legislators scrambled in the final hours of the legislative session and found about \$26 million in state

money that they hope could bring in another \$200 million or so in federal funding.

Medicaid is the government insurance program that provides medical care to the lower income and some elderly, roughly one out of four Louisiana residents.

Shortly after the state's budget crisis became clear, DHH issued emergency rules that would employ 7 percent cuts in the original budget proposal for the reimbursement rates of private providers.

DHH Secretary Alan Levine said he has sent his agency's fiscal staff back to the drawing board to develop new rules detailing the size cuts required to stay within the dollars provided.

"I'm going to try to target these reductions in a way that preserves access" to primary care, Levine said.

He said he also wants to get more dollars to high-end hospital services for critically ill babies and children and services for the disabled.

Both time and legal issues present a challenge for how the budgets are reduced, Levine said.

The longer the delay, the greater the impact of cuts because they have to be absorbed in a shorter time period, Levine said. In addition, "people have their legal rights to sue."

In the waning minutes of the two-month 2009 regular session of the Louisiana Legislature, lawmakers directed an additional \$26 million to the Medicaid private provider program. For every \$2 the state puts up, the federal government contributes \$8.

Out of an initial \$200 million cut to hospitals, Matessino said some \$62 million was added back in by using some money in a Medical Assistance Trust Fund.

Of the money, \$25.4 million goes for inpatient services; \$7.3 million to outpatient care and \$30.7 million to outliers — hospitals that care for critically ill babies and children.

Matessino said one of the major problem areas is in payments to hospitals such as Woman's Hospital in Baton Rouge and Children's Hospital in New Orleans. Lawmakers found money to provide an additional \$30 million in payments, but that's far shy of the \$69 million cut they took, Matessino said.

Hospitals would get \$213 million in one-time funding to help them with added expenses they have had in the wake of recent hurricanes as they care for the poor and uninsured. Some \$170 million of it

would go to hospitals in Orleans and Jefferson parishes.

On the physician front, lawmakers identified \$18.8 million to help offset a proposed \$48 million cut in their reimbursements for care of the poor under the government's Medicaid health insurance program.

Berkley Durbin, executive director of the Louisiana Maternal and Child Health Coalition, said the physician services funding would be cut a little more than 5 percent.

The big question is which physician rates are going to get cut and by how much, Durbin said.

"We will learn how that is going to impact access to health care and hope physicians don't drop out of the program," said Durbin.

Matessino said, "I'm still concerned there will be layoffs. There will be some hospitals reducing some services, and when you cut \$30 million in payments to physicians there will be some physicians saying 'I'm not doing Medicaid anymore.'"

If physicians quit caring for Medicaid patients, those people would have to rely on the far more expensive care provided in hospital emergency rooms, Matessino said.

Louisiana State Medical Society executive Dr. Vincent Culotta said estimated reductions for the payments to individual physicians could be anywhere from 2 to 10 percent, depending on the final DHH rules.

"There's a lot riding on how the department interprets it," Culotta said.

On top of the state budget cut, Durbin said the administration has been talking about implementing a program that could lead to a further reduction in the dollars that pediatricians and other primary care physicians get for managing the care of patients.

The extra \$3 a month payment would be tied to the physicians hitting certain goals, with penalties for non-compliance under the proposal Levine floated earlier this year, Durbin said.

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