

Recovery Act Helps Medicaid Avoid Some Cuts

BY JOYCE FRIEDEN

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

“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.

New York state also cut Medicaid

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provider rates—not in ambulatory care, but in nursing home, home care, inpatient care, and pharmacy, said state Medicaid director Deborah Bachrach. “We monitor very carefully. 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 coauthors 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, Dr. Smith said. “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 them-

selves—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.

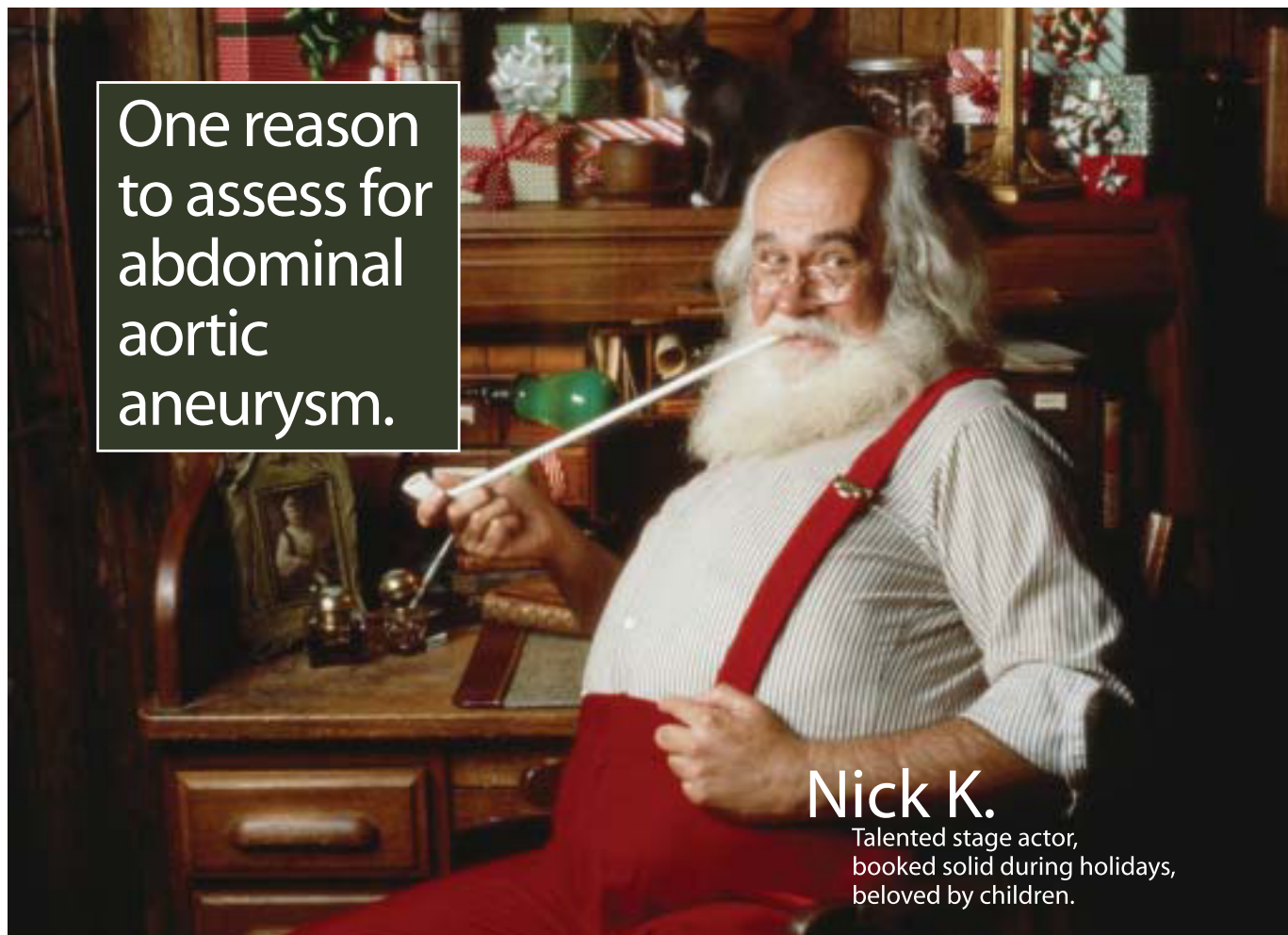
One wild card in the Medicaid scenario is health reform. Many states expressed concern that eligibility expansions, mandated minimum provider rates, and new administrative costs that might be included in a reform plan could add to state fiscal woes, the report’s authors noted.

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.

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