



News Release

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Study shows proposed Medicaid cuts will threaten physician network in Virginia

Richmond, Va. – A new survey conducted by the Medical Society of Virginia (MSV) shows that access to physician care by Virginia's most vulnerable citizens will be significantly reduced throughout the state if the General Assembly passes cuts to Medicaid included in the House of Delegates and Senate Finance Committees' proposed budgets released Sunday.

Survey data shows that a five to 10 percent cut to Medicaid (similar to the five percent cut proposed in the House of Delegates) would result in 75 percent of physician respondents making the difficult choice to limit the number of Medicaid patients they see or stop treating patients enrolled in the Medicaid program. A cut of up to five percent (similar to the four percent cut proposed in the Senate) would mean that nearly 64 percent of respondents would make the same decision. This would make it even more difficult for the 780,000 Virginians who rely on the Medicaid program to access physician care and would result in a scenario in which demand exceeds capacity leaving emergency rooms as the only option for necessary medical care and placing undue strain on a system that is already under pressure.

In a state that enjoys higher than average per capita income (ranked 8th in 2007), Medicaid

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spending per capita ranks 48th nationally*. Additional reductions would have severe consequences for vulnerable populations including children, the elderly, expectant mothers and the disabled, all who rely on Medicaid for the primary care they need. This is particularly troubling during a time when the economy has led to job losses, loss of insurance and other financial strains.

Survey responses indicate that physicians have a desire to provide care for these patients and are not pleased with having to make difficult business decisions that limit or preclude their ability to accept new Medicaid participants.

“The data validates what we feared – that cuts to the already strained Medicaid program will make it more difficult for Virginians in need to get the health care they require, said Daniel Carey, M.D., MSV president. “Survey comments from physicians showed how troubled they are in facing the choice of whether to continue to accept Medicaid. Balancing the desire to care for patients with the reality of keeping a business viable is a difficult task. We already are compensated at or below the cost for providing care to Medicaid patients and subsequent cuts may be more than many practices can absorb,” he said.

Current Medicaid rates do not cover the cost of providing care. In a 2009 study of one Virginia pediatrician’s office experience with Medicaid reimbursement compared to the cost of providing care, MSV found that Medicaid reimbursement did not cover even half of the cost of a child’s visit to the doctor.

Adding to the burden of inadequate reimbursement are the cumbersome and complicated administrative requirements of the program, making it very challenging for practices to stay open and continue to care for a large percentage of Medicaid patients.

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A northern Virginia pediatrics group recently reported that his group would be closing their panel to new Medicaid patients in July as 40 percent of their patient panel participates in Medicaid. In addition, they will be reducing office hours from five to four days per week.

MSV has heard from physicians like Peter Houck, M.D. in Lynchburg, VA who works in a federally qualified community health center. Dr. Houck emphasizes that the vast majority of Medicaid/FAMIS children in that region come to his clinic. "If Medicaid reimbursements are cut, we essentially will not be able to afford to see the more than 7,000 children who use our clinic."

Access to primary care is only one hurdle. Specialty care is even more difficult to find in some parts of the state and the network will be further compromised with reductions.

Don Honeycutt of Child Health Associates, Ltd. of Warrenton, VA relates a story of a child with a broken arm who participated in Medicaid. "Our billing department had been calling different orthopedic practices for anyone to see the child, who needed a soft cast on her arm with no luck. The child had been without a cast for 10 days and needed to be seen. Our office manager's daughter works at an orthopedic office. Between Child Health Associates and her daughter, we were able to get the doctor to agree to donate his time to see the child if the family could pay for the materials. The family was not able to come up with the money. The employees of Child Health Associates pitched in and were able to raise the money needed. However, this did not include the removal of the cast. The family returned to Child Health Associates and Dr. Jeffries-Honeycutt was able to persuade an orthopedic supplier of orthopedic devices to remove the cast."

Mr. Honeycutt shares another account of two children, one with Medicaid and the other with private insurance who had seriously inflamed tonsils which needed to be removed. The child with private insurance was scheduled for surgery and the Medicaid patient was made to wait

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with no surgery date set. "Our main concern is that there are not enough specialists in our area who accept Medicaid," he concludes.

In addition to referral challenges, practices that currently accept Medicaid managed care through private insurance companies report additional administrative burdens due to the fact that not all Medicaid managed care organizations work the same way. It can be quite time consuming and costly for the physician's office staff to research and get authorization for needed patient care services, resulting in delayed treatment for the patient and a higher cost of providing care.

Complexity of health needs is often greater with Medicaid participants as many of these patients have not been able to benefit from consistent and continuous access to medical care. On average, physicians spend more time with these patients and provide extensive education and information related to the importance of compliance to medications and other treatments – measures that seek to overcome the extensive access challenges these patients often face.

The Medical Society of Virginia is the professional association for physicians in the commonwealth. Dedicated to supporting physicians in the practice of medicine, MSV advocates on their behalf to ensure physician influence on health care legislation and policy improvements and provides a variety of educational and support activities that assist physicians in the practice of medicine.

** Department of Medical Assistance Services, the Virginia Medicaid Program at a Glance, January 2009*

ATTACHED: Survey data

Additional resources:

State of Virginia Medicaid calculator regarding how Medicaid cuts will impact business activity, jobs and salaries: <http://www.familiesusa.org/issues/medicaid/other/medicaid-calculator/medicaid-calculator.html?state=Virginia>

KFF report regarding impact of unemployment on Medicaid enrollment:
<http://www.kff.org/medicaid/upload/7580-06.pdf> (summary below)

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Medical Society of Virginia Medicaid Survey Results

DISTRIBUTION

Sent to 6,747 physicians across the Commonwealth of Virginia. There were 407 responses.

Survey fielded 11/11/09 – 12/1/09

RESULTS

- 54.1 percent are currently accepting new Medicaid patients
- 20.9 percent currently treat established but are not accepting new Medicaid patients
- 13.3 percent have stopped seeing Medicaid patients
- 88.9 percent of respondents stated that Medicaid patients have reported to them that they had difficulty finding physicians that accept Medicaid patients
- Of those that are not accepting or stopped seeing Medicaid patients (respondents could choose more than one answer):
 - 45.7 percent stated this decision was due to inadequate reimbursement
 - 27.3 percent stated this decision was due to administrative paperwork or billing difficulty with Medicaid plans
 - 17.2 percent stated this decision was due to difficulty referring patients to other physicians
 - 15.5 percent stated this decision was due to complexity of patient care needs
 - 11.8 percent stated this decision was due to the elimination of Medicaid Managed Care per member per month
 - 9.1 percent stated this decision was due to lack of language interpretation services
- If Medicaid reimbursements are reduced by up to 5 percent, 63.8 percent will have to make changes to the number of Medicaid patients they see
 - 41.5 percent will stop accepting new Medicaid patients
 - 22.3 percent will stop participating in Medicaid
- If Medicaid reimbursements are reduced by 5 to 10 percent, 74.9 percent will have to make changes to the number of Medicaid patients they see
 - 39.7 percent will stop accepting new Medicaid patients
 - 35.2 percent will stop participating in Medicaid
- If Medicaid reimbursements are reduced by 10 to 15 percent, 77.5 percent will have to make changes to the number of Medicaid patients they see
 - 20.3 percent will stop accepting new Medicaid patients
 - 57.2 percent will stop participating in Medicaid
- Medicaid reforms that would be needed for respondents' practices to continue to accept or begin to accept Medicaid patients: (respondents could choose more than one answer)
 - 66.8 percent would need Medicaid reimbursement to be at least 100 percent of Medicare

- 62.7 percent would need an annual inflation adjustment to physician Medicaid rates established
- 57.3 percent would need Medicaid reimbursement that covers the cost of providing care
- 46.4 percent would need the billing and payment process to be improved
- 34.9 percent would need to increase the availability of physicians for referral
- 2.5 percent would need to increase enrollment in Medicaid Managed Care plans by switching patients from Medicaid fee-for-service