



Written by [Raven Clabough](#) on December 29, 2014

Cuts in Medicaid Payments Likely to Worsen Doctor Shortage

Increases in Medicaid enrollment reportedly will coincide with a decrease in payments to doctors, in turn reducing access to medical care for Medicaid enrollees.

The *New York Times* reports,

The Affordable Care Act provided a big increase in Medicaid payments for primary care in 2013 and 2014. But the increase expires on Thursday — just weeks after the Obama administration told the Supreme Court that doctors and other providers had no legal right to challenge the adequacy of payments they received from Medicaid.



And while the effect is expected to vary depending on the state, a study by the Urban Institute reveals estimates that doctors will see their fees cut by approximately 43 percent on average. In some states, that cut can be as much as 50 percent or more.

According to Dr. David Fleming, president of the American College of Physicians, there is no sense in reducing Medicaid payments “at a time when the population enrolled in Medicaid is surging.”

The White House notes that Medicaid has contributed to the “largest coverage gains in four decades,” with the number of enrollees now standing at 68.5 million. But the White House has no plan for how to increase access to care for the increased enrollment, particularly as the significant decline in Medicaid payment rates is expected to bring about a decrease in the number of doctors willing to accept Medicaid.

Dr. George Petruncio, a family physician in Turnersville, New Jersey, described the cuts as a “bait and switch” move. “The government attempted to entice physicians into Medicaid with higher rates, then lowers reimbursement once the doctors are involved,” he said.

As a result, patients will experience reduced access to quality medical care. A survey conducted by the Ohio State Medical Association found that doctors have been accepting more Medicaid patients because of the 2013 rate increase, but nearly 40 percent of Ohio doctors stated that they plan to accept fewer patients once the Medicaid payments are decreased.

Experts predict that doctors all across the country will be responding in the same way.

For example, Andy Pasternak, a family doctor in Reno, Nevada, has seen more than 100 new Medicaid patients this year after the state expanded the insurance program under ObamaCare, but has stated that he will not be taking any new patients after December 31.

“I don’t want to do this,” Pasternak said about his decision to not take more Medicaid patients next year. “We will lose money when they come to the office.”



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And though federal law states that Medicaid rates must be “sufficient to enlist enough providers” so that Medicaid enrollees have as much access to doctors as the general population, the Obama administration told the Supreme Court last month that healthcare providers have no legal right to enforce the “equal access” requirement. According to Solicitor General Donald Verrilli, Jr., that provision is merely there for guidance to federal and state officials, but cannot be used by healthcare providers to sue state officials.

Meanwhile, reduced access to quality medical care is something that experienced physicians warned would happen under ObamaCare. The Association of American Physicians and Surgeons (AAPS) website features a letter by Dr. Richard Amerling, a renowned academic nephrologist at the Beth Israel Medical Center in New York City, wherein he warned:

There are compelling reasons for patients to opt out of Obamacare, Medicaid, and even Medicare. The most important reason is poor access to high quality physicians. Few of these currently accept Medicaid patients, and more each day are declining to accept new Medicare patients. A large element of the Obamacare strategy is to expand Medicaid to families with incomes well above the poverty line. A silver lining in the otherwise horrendous Roberts court decision upholding Obamacare is the ability of states to refuse to expand Medicaid, and a large number have taken advantage of this.

Dr. Amerling also concluded that participation in ObamaCare would leave participants susceptible to identity theft and loss of confidentiality.

At any rate, the expiration of the increased Medicaid payments will certainly not be the first time that doctors have been financially burdened by the healthcare law.

Earlier this year, doctors took issue with a grace period that exists within the law that allows patients who are not paying their premiums to keep their coverage for 90 days before it can be canceled. Under that rule, insurers are responsible for paying any claims during the first month of that period, but not necessarily for the final 60 days.

The Obama administration defended the grace period, asserting that it is limited in that it applies only to those who have already paid one month’s premium, and asks insurers to inform doctors “as soon as practicable” when a customer has fallen behind in his payments.

“Grace periods are important to ensure that consumers aren’t dropped from coverage, especially for those experiencing economic challenges,” said Alicia Hartinger, spokeswoman for the Centers for Medicare & Medicaid Services. “It is also important to us that providers know in a timely fashion whether their patients are in a grace period or not.”

Likewise, though ObamaCare temporarily increased Medicaid payments to doctors to match Medicare’s higher rates through 2014, that boost did not apply to specialists such as cardiologists and oncologists.

“What they pay doesn’t even come close to covering expenses,” declared Pat Howery, the administrator at Colorado West Otolaryngologists, an ear, nose, and throat clinic in Grand Junction. Howery notes that payments for a basic office visit vary significantly when comparing private insurance to Medicare and Medicaid, with private insurance paying \$119, Medicare \$73, and Medicaid \$52. “You can’t make this up in volume,” he says. As a result, his clinic began limiting each doctor to two Medicaid appointments a day in January.

In areas where a significant number of residents live below the poverty line, specialists had become



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overloaded with Medicaid patients.

“The question is, at what point they will start saying no?” says Rhonda Hauff, chief operating officer of Washington State’s Yakima Neighborhood Health Services, a clinic that has begun to refer patients to specialists outside the country.

Just 23 percent of 409 doctors surveyed in New York last year indicated they will be taking patients who have signed up through ObamaCare health exchanges. As more doctors stop accepting Medicaid, the burden of treating an increased number of patients will likely fall on hospitals and non-profit clinics.

Many doctors have been forced into early retirement as a result of the healthcare law, worsening an already problematic doctor shortage in the United States. A 2013 survey by the Deloitte Center for Health Solutions found that six in 10 physicians reported that it is likely their colleagues will be retiring earlier as a result of ObamaCare.

“America is running out of doctors,” wrote the *National Journal* earlier this year. “The country will be 91,500 physicians short of what it needs to treat patients by 2020, according to the Association of American Medical Colleges. By 2025, it will be short 130,600.”

The highest demand nationwide is for primary-care physicians, such as general internists, family doctors, and pediatricians — the kinds of physicians many people go to first for non-emergency medical attention before seeing specialists. In 2012, an *Annals of Family Medicine* study [predicted](#) that the country will need 52,000 more primary-care physicians by 2025.



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