

HEALTH CARE

State in a bind on Medicaid funding

Cash-strapped program faces review as new law is set to boost enrollment.

By **Misty Williams**
 mwilliams@ajc.com

Facing the addition of hundreds of thousands of new enrollees to Georgia's Medicaid system, the state is re-examining the program – searching for more cost-effective ways to provide care.

Medicaid is already facing a \$180 million shortfall this fiscal year; meanwhile, officials say the 600,000-plus people expected to join its rolls under the federal health care overhaul starting in 2014 could cost the state an additional \$2.1 billion by the end of this decade. Medicaid and PeachCare for Kids currently provide health care to roughly 1.7 million low-income Georgians.

“We can't afford who we have on Medicaid right now,” said state Sen. Renee Unterman, R-Buford. “I don't know how on earth they think we can add more people onto the system.”

The state Department of Community Health plans to hire a consultant to evaluate

Medicaid continued on A11 the \$6 billion-plus program and identify potential options to redesign it, as well as study ideas emerging in other states. A complete review is expected by year's end.

“We will learn who is pushing the innovation buttons in

Medicaid ... what is working around the nation ... and, most importantly, how we can make it work even better here in Georgia,” said David Cook, who heads the department.

While providers welcome efforts to improve the program, some worry it may be a way for the state to cut costs at the expense of patients and doctors.

Without more funds, the state would likely need to look at cutting services or reimbursements to medical providers, said Tim Sweeney, a health care analyst with the Georgia Budget and Policy Institute. States across the country are already cutting Medicaid spending, including Georgia, which reduced payments to medical providers by 0.5 percent and increased co-pays this year.

Jerry Dubberly, the state's Medicaid division chief, however, said Georgia's goal is to find cost-effective ways to deliver care while improving health outcomes and quality of care as it faces challenges with the impending Medicaid expansion. Funding is one major issue.

Under the expansion – which will extend eligibility to people under age 65 with incomes up to 133 percent of the poverty level – the federal government will pay 100 percent of the costs from 2014 to 2016. Federal funding will then ramp down to 90 percent by 2020, where it will remain.

In fiscal year 2011, the state paid roughly \$1.7 billion for Medicaid and PeachCare, with the feds providing an additional \$5 billion.

In particular, the state needs to look at low reimbursements for providers, which drive up costs for everyone as doctors charge private insurers more to close the gap, Sweeney said. On average, Medicaid pays 80 percent of the actual cost of care, though reimbursements vary based on the type of service and provider, according to the Georgia Hospital Associ-

ation.

With Medicaid payments below the actual cost of care, some doctors already won't take Medicaid patients. Others – especially in rural Georgia where a large number of patients rely on Medicaid – have struggled to stay afloat, said Dr. Sandra Reed, president-elect of the Medical Association of Georgia.

“You don't go to the grocery store and buy \$100 of groceries ... and pay them \$52 for it,” said Dr. Scott Bohlke, a family practitioner near Statesboro

who limits the number of Medicaid patients he accepts.

Access to care is already limited for some patients, said Reed, an ob/gyn in Thomasville whose practice is about 50 percent Medicaid. One of her high-risk patients – a 38-year-old woman with advanced diabetes – drives 60 miles to get care because providers in her area don't take Medicaid, Reed said.

Dubberly said retaining current providers and attracting new ones is a priority for the state – and looking for ways to reduce administrative burdens.

While there is room for improvement, a managed care approach could be key to dealing with an already fragile system, said Unterman, who works for Amerigroup, one of three insurers that handle Medicaid and PeachCare claims in Georgia. The state pays Amerigroup and the two other care management organizations, Peach State and WellCare, a fixed rate for each enrollee.

Several states are examining managed care models where integration of services is essential, said Ken Thorpe, a health care expert at Emory University. The health care law includes federal funds for states to create community health teams made up of primary care doctors, social workers, pharmacists and other specialists, Thorpe said. The goal is to keep people healthier and lower costs by managing a person's



overall care instead of paying for each service or procedure.

In North Carolina, a public-private partnership that has created regional networks of providers to coordinate care saved nearly \$1.5 billion from 2007 to 2009, according to the health care analytics firm Treo Solutions.

Georgia has an aggressive time line to reassess its program and have any changes in place by February 2014, said Joann Yoon with the nonprofit Voices for Georgia's Children. Yoon said she hopes advocates, consumers and other groups will be able to weigh in on the process. "There's a lot of work that has to be accomplished," she said.