

Medicaid cuts mean problems for doctors, patients

By Chris Kowalski, Star Staff Writer, ckowalski@annistonstar.com | Posted: Saturday, July 18, 2015 5:33 pm

Dr. Naresh Purohit cares for children in Alabama, but now he worries about taking care of himself. With potential cuts to Medicaid in next year's state budget, things could become very different at his three offices.

"It's looking horrible. It affects the survivorship of the providers, and it affects the patients and children by devastating their lives," Purohit said, wearing scrubs and a forlorn face at his office in Anniston. "It basically affects everybody."

Along with potential budget cuts, decreased reimbursements for care and the rising costs of running a medical practice all spell trouble for his patients, himself and his employees.

The Alabama Legislature passed a \$1.6 billion General Fund budget for the upcoming fiscal year that would cut state agencies to the tune of an estimated \$200 million; it was vetoed by Gov. Robert Bentley. Legislators have entered a special session in hopes of negotiating a solution to the looming problem that did not get solved during the general session earlier this year.

A series of shortfalls

Several state programs and agencies face cuts to their own budgets. The Alabama Department of Conservation and Natural Resources, the Alabama Law Enforcement Agency and the Alabama Department of Mental Health are just a few that face millions of dollars in setbacks.

The Alabama Medicaid Agency is also in the crosshairs with an estimated \$35 million cut, or about 5 percent of its state funding.

Dr. Donald Williamson, state health officer and the director of the Department of Public Health, said last year's budget of \$685 million would work for the upcoming year, but that there are a few issues at hand.

One is a loss of nearly \$50 million that hospitals normally supplement the Medicaid program with.



Naresh Purohit

Pediatric doctor Naresh Purohit checks 6 year-old patient Violet Prather in his office in downtown Anniston Monday afternoon.

Photo by Trent Penny/The Anniston Star

Because of a 4.5 percent reduction in Medicare reimbursements along with a difference in fees paid to certain doctors and cuts to indigent care, hospitals are no longer able to provide the money they once could.

“In 2016, I have to replace the \$50 million that was supplemented with General Fund money, which means that I have to have \$735 million,” Dr. Williamson said.

Adding to that is a long-overdue payment the state must make to the Centers for Medicare and Medicaid Services, estimated at around \$10 million. Williamson said that would bring the total needed to \$745 million.

Those three shortfalls tally up to \$94 million in lost state dollars. However, the federal government matches every state dollar spent with two of its own. When this is factored in, the shortfall is much larger than expected.

That number, according to a release issued by the Alabama Medicaid Agency, is an estimated \$370 million.

“I think the effect of a significant shortfall in Medicaid is that as you have to balance the budget, you are going to make it harder and harder for Medicaid beneficiaries to see a physician,” Williamson said.

Access to care

Erecting barriers to care could mean dire consequences for the state, he said, as 60 of the 67 counties are already areas with shortages of health-care professionals. On top of that, only a fifth of the primary-care physicians in Alabama perform the majority of service for people on Medicaid because of factors such as low reimbursements.

Because nearly half of all children in Alabama are on Medicaid, pediatricians like Purohit rely on Medicaid reimbursements to keep their businesses afloat. However, the reimbursements for pediatric care are lower than what’s paid for adult care.

Robin Rawls, communications director for the Alabama Medicaid Agency, says that because children are usually healthier than adults, they are a lot cheaper to treat.

“Adults are more likely to have chronic or serious health problems,” Rawls said, referencing conditions such as substance abuse, diabetes and hepatitis C. “Children generally cost less because they don’t have these issues as much, so it’s more of preventative care for them,” Rawls said.

Although children are less costly to care for, their health and wellness is just as important as adults and the elderly.

“It’s very important because if children are not healthy, then they cannot learn in school and become more educated. Healthy children will be able to learn more, be better educated, get better jobs and become taxpaying citizens,” Purohit said.

With a lack of access to care, he said, children are more likely to have undiagnosed health and behavioral

issues that can be detrimental in the long run.

“If we don’t have healthy children, we have more overall problems,” he said. “We will have more crime, more money spent in prisons, and cases like that.”

What to cut?

If the budget cuts do go through, the Alabama Medicaid Agency will have to implement cost-saving measures. Optional programs that include outpatient dialysis, hospice, adult eyeglasses and health homes for the chronically ill will have to be cut. Along with that will come reimbursement cuts of 40 percent to 55 percent and the discontinuation of what is known as “the bump,” a measure that increases reimbursement for primary-care physicians.

According to the state’s Medicaid agency, these cuts could drastically impact the amount of physicians in the state, as many would have to consider moving to another state in order to stay financially solvent.

For Purohit, closing some of his offices could become a reality. He says it is unethical to tell long-time patients and their parents that he cannot cover them due to cuts, but he understands that the burden would affect his practice and his patients.

“We’re already streamlined, but we’ll have to run a tighter ship, eventually to the point where running a tight operation will affect service, and that’s when you’ll see the impact,” he said.

“And if you start cutting employees and you still can’t make it, you’ll have to make a decision on what’s best for you and whether you need to close or go somewhere else.”