Medicaid fee cuts may have little effect in Idaho

A temporary payment boost for doctors will end, but it was smaller here than in many other states to begin with.

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

The impact will vary by state, but a study by the Urban Institute, a nonpartisan research organization, estimates that doctors who have been receiving the enhanced payments will see their fees for primary care cut by 43 percent, on average. The cuts in Idaho will amount to about 14 percent, the study found.

Stephen Zuckerman, a health economist at the Urban Institute and co-author of the report, said Medicaid payments for primary care services could drop by 50 percent or more in California, Florida, New York and Pennsylvania, among other states.

In his budget request in March, President Barack Obama proposed a one-year extension of the higher Medicaid payments. Several Democratic members of Congress backed the idea, but the proposals languished, and such legislation would appear to face long odds in the new Congress, with Republicans controlling both houses.

Dr. David A. Fleming, the president of the American College of Physicians, which represents specialists in internal medicine, said some patients would have less access to care after the cuts. It would make no sense to reduce Medicaid payments “at a time when the population enrolled in Medicaid is surging,” he said.

Dr. George J. Petruncio, a family physician in Turnersville, N.J., 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.

But Nicole Brossoie, a spokeswoman for the New Jersey Department of Human Services, which runs the state’s Medicaid program, said the increase was not meant to be permanent. “It was always understood to be temporary,” Brossoie said.

The White House says Medicaid is contributing to the “largest coverage gains in four decades,” with 9.7 million people added to the Medicaid rolls since October 2013, bringing the total to 68.5 million. More than one-fifth of Americans are now covered by Medicaid.

But federal officials have not set forth a strategy to expand access to care with enrollment. In many states Medicaid payment rates for primary care services, such as routine office visits and the management of chronic illnesses, will plunge back to 2012 levels, widely seen as inadequate.
For the past two years, the federal government has required state Medicaid agencies to pay at least as much as Medicare pays for primary care services. Family doctors, internists and pediatricians have thus received Medicare-level payments for primary care, with the federal government making up the difference in costs.

Idaho’s Medicaid program pays primary-care providers at a rate closer to Medicare than the national average, according to the Urban Institute study. Idaho Medicaid pays about 86 percent of Medicare rates for primary care, putting it in the Top 10 for narrowest gap between the two programs.

“We have always paid between 90 (and) 100 percent Medicare rates for most services, so any increase was fairly small,” said Tom Shanahan, spokesman for the Idaho Department of Health and Welfare. “We have experienced normal growth in the Medicaid program over the last two years but do not anticipate any major primary care access issues” after the cuts hit.

Shanahan said health care providers had to apply for the higher fees two years ago, and most Idaho providers did not.

U.S. REJECTS IDAHO PROVIDERS’ ARGUMENT

Under federal law, Medicaid rates must be “sufficient to enlist enough providers” so that beneficiaries have at least as much access to care as the general population in their geographic area. In practice, doctors say, this standard is murky.

The Obama administration told the Supreme Court last month that health care providers had no legal right to enforce the “equal access” requirement in court. This section of the Medicaid law provides guidance to federal and state officials in setting Medicaid rates, but does not allow health care providers to sue state officials to enforce it, said Donald B. Verrilli Jr., the solicitor general of the United States.

The case, Armstrong v. Exceptional Child Center, was filed against Richard Armstrong, director of the Idaho Department of Health and Welfare, by five providers of residential habilitation services to children with disabilities. They argued that Idaho’s payment rates fell below federal standards, and they sued to enforce federal law, invoking the supremacy clause of the Constitution, which makes federal law “the supreme law of the land.” The court sidestepped the issue in a similar case from California in 2012. Chief Justice John Roberts said then, in a dissenting opinion, that “nothing in the Medicaid Act allows providers or beneficiaries (or anyone else, for that matter) to sue to enforce” the equal-access provision.