

Gay City NEWS

08/14/2008

US Medicaid Cuts Could Hurt

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A proposed federal regulation that alters Medicaid reimbursement for outpatient services and was part of a deal negotiated between the Bush administration and Congress might cost some city AIDS groups millions of dollars annually, according to an analysis by New York State.

"If these cuts take effect, they will have a devastating impact, likely making it impossible for Housing Works to continue to operate four clinics," wrote Charles King, president of that AIDS group, in an email. "This would, of course, hurt the most marginalized New Yorkers living with HIV and AIDS."

Housing Works would lose \$6.2 million annually in its current \$45 million budget, according to the state analysis. Similarly, the Harlem United Community AIDS Center would lose \$2.2 million annually out of its \$27 million budget. Both groups get a significant portion of their annual budgets supplying Medicaid-reimbursed services to clients.

"The change is wrongheaded, wrong for achieving cost-effective changes to the healthcare system, wrong for disease management and quality of care, and especially wrong following upon CDC stats documenting more people with HIV in need of treatment," Patrick J. McGovern, Harlem United's president, wrote in an email.

The regulation was one of seven proposed or made final by the Bush administration in 2007 that were meant, in total, to reduce costs in Medicaid, the government health plan for the poor and disabled, by \$13 billion over five years.

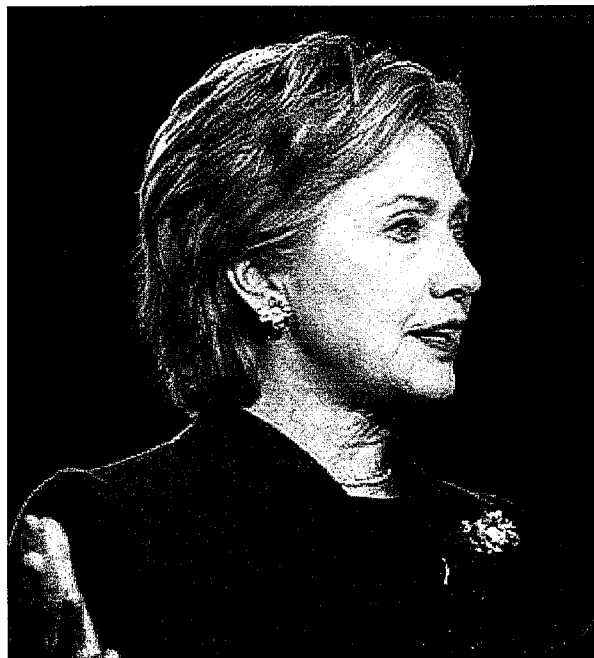
The states, which jointly fund Medicaid with the federal government, said the cost was much higher than the Bush estimate of \$13 billion, and that they would be required to make up at least some of the lost federal funds or cut services.

The outcry led the Bush administration to agree to delay implementing six of the regulations until early 2009, leaving only the seventh, the outpatient regulation, which is now of concern to New York AIDS groups. That deal with Congress was memorialized in an appropriations bill that was passed in June.

The appropriations bill, which included funds for the Iraq War and many federal agencies, moved through the House and Senate with the legislation and amendments passing by wide margins, with broad support in the New York delegation.

The House did, at one point, vote to delay all seven regulations, though that result was not included in the final legislation. Hillary Clinton and Charles Schumer, New York's senators, sponsored legislation that would have delayed all the regulations, but that did not pass in the Senate.

The cost to community groups of the seventh regulation, which



Senator Hillary Clinton, and her New York colleague Charles Schumer, tried unsuccessfully to delay implementation of a Medicaid regulation that the administration of Governor David Paterson estimates could cost the

could be made final by the end of the year, remains a question. state, and AIDS service groups here, millions of dollars.

The Bush administration asserted that the regulation was only a technical change in billing procedures and formulas and would not have a significant economic impact.

In a March congressional report, 18 states, including New York, said the regulation might have a fiscal impact, but they could not quantify it. Another four said the cost to them ranged from \$19 million to \$1.3 billion over five years.

Then in mid-July, after the appropriations bill had been signed by the president, New York Governor David Paterson's administration circulated an analysis that argued that the regulation was far from revenue-neutral.

The AIDS Community Health Center, based in Rochester, would lose roughly \$70,000 annually from its \$2.7 million budget. That group did not respond to calls and emails seeking comment.

In addition to the AIDS groups, the state analysis listed several hundred family planning clinics, such as Planned Parenthood, clinics serving the developmentally disabled, hospitals, dialysis centers, drug treatment and methadone maintenance programs, and government-run clinics that collectively would lose more \$225 million annually under the regulation.

Assuming the Paterson administration's analysis is correct, the cuts would come as Paterson attempts to use Medicaid dollars to shift care from more expensive hospital and nursing home settings to less expensive community-based locations.

"[T]his proposed rule will derail Governor Paterson's health system reform agenda that seeks to assure timely access to effective ambulatory care services and reduce unnecessary and expensive hospitalizations by moving limited healthcare resources from the inpatient to outpatient setting," staff wrote in the analysis. AIDS and gay groups have been generally supportive of Paterson's efforts to reconfigure the state's healthcare delivery.

In a modification to the state's current budget, Paterson proposed cutting state Medicaid spending by \$506 million in the current fiscal year and \$1 billion in the next, with most of the cuts hitting hospitals and nursing homes.

"Senator Clinton will continue to work to ensure that all seven of these regulations do not undermine New York's ability to deliver healthcare to its citizens," a spokesperson for Clinton said in a statement.

Schumer's office did not respond to requests for comment.

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