

# Patients and health care advocates in Michigan protest Medicaid cuts

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More than 300 physicians, patients, hospital workers and health care advocates participated February 2 in Medicaid Access Day at the state capitol in Lansing, Michigan to protest the lack of funding for the state's failing Medicaid program. Those who spoke stressed the suffering of the uninsured as well as the urgent need for solutions to combat hospital closings, cuts and consolidations.

The group lobbied state legislators in the hope of seeking improved funding for Medicaid, the health care program for poor and disabled. Krishna K. Sawney, MD, a surgeon and president of the 14,000-member Michigan State Medical Society (MSMS), said, "The Medicaid system is in shambles and must be fixed. It is simply shortsighted to continue policies that have created a marketplace failure."

Sawney told those in attendance that Michigan's annual Medicaid budget of \$1.2 billion is underfunded by \$400 million to \$800 million a year. The privatization of Medicaid that began three years ago—that is, the bidding out of services to managed care companies—has led to serious funding cuts. The group estimates that \$400 million needs to be put back into the Medicaid system simply to bring the program back to 1997 funding levels.

Among the many speakers during the day-long event was Angela Amore, a 41-year-old single mother from the Detroit suburb of Eastpointe. With an annual income of only \$4,600, the Medicaid crisis means she cannot get her colostomy pouches. "It's like walking around without clothing," said Amore, as she clutched her cane and wept in an ornate hearing room at the state capitol. "My Medicaid HMO says my pouches are considered a luxury because they're a deluxe model. But they're the only ones that fit, and now I can't get them."

While the most immediate victims of the mounting Medicaid crisis are patients, many doctors and health care providers have been placed in an untenable position. It

can take as long as two years for doctors to be reimbursed for services rendered. In addition, Michigan pays only 31 cents for every dollar of service provided, making the reimbursement rate among the lowest, ranking forty-first in the nation.

Many physicians are faced with a dilemma: continue accepting Medicaid patients and go out of business, or turn away Medicaid patients. Dr. Melvin Hollowell, a urologist from Southfield, a Detroit suburb, heads the Wayne County Medical Society. He said that one-third of the city's physicians have abandoned Detroit practices in the past two years to avoid Medicaid patients. "Access to health care will diminish as hospitals contract further and more physicians depart our area," Dr. Hollowell warned.

Nearly all primary care physicians in the Cheboygan area in northern Michigan may no longer be able to accept Medicaid patients. If they did their services would no longer be available to the entire population. Dr. Doug Jackson of Cheboygan said there are some days when staff members at his county hospital do not know whether they will be paid. Jackson said the hospital lost \$143,000 in decreased Medicaid payments after the switch to managed care. The HMO that runs Cheboygan's Medicaid program also owes the hospital \$417,000 in reimbursement payments. "It threatens the health care of all of the citizens of our community, not just the poor," Jackson said.

In a budget-cutting measure in 1997 the Clinton administration turned over most of the Medicaid program to the states. Two years prior to this, Michigan Governor John Engler was instrumental in organizing a team of governors who opposed Congress's control of Medicaid, complaining that state budgets were being held hostage to a federally mandated program.

In Michigan, 740,700 of the 1 million beneficiaries were moved into managed care plans. However, these health plans were based on competitive bidding for contracts to

serve the poor. With the lowest bidders winning the contracts, exceptionally low rates were locked in. The low rates allowed the state to reduce its Medicaid budget by \$120 million two years ago. The health plans that won the contracts have subsequently had difficulty paying hospitals and doctors adequately or on time. Both hospitals and physicians organizations have accused the state of providing misinformation about the costs of serving blind and disabled patients, which resulted in low bids.

The impact of these changes has resulted so far in the closing of Mercy Hospital in Detroit and Beyer Hospital in Ypsilanti, resulting in 10,000 layoffs and diminished access to care for more than 2 million poor and uninsured people.

The Michigan State Medical Society cites, among others, the following consequences of Medicaid underfunding:

- \* Medicaid patients are no longer accepted by 26 out of 28 primary care physicians in the Cadillac area.

- \* The Henry Ford Health System limits the number of Medicaid patients it sees, having lost \$35 million in the program last year.

- \* The Detroit Medical Center will stop running its own managed care program for 31,000 Medicaid patients because of difficulty in administering the program.

Governor Engler attempted last year to compensate for the shortfall with a 4 percent increase in reimbursement levels, but providers say that was inadequate. Two bills under consideration in the state Senate seek to correct late payments.

Medicaid Access Day demonstrated that Medicaid troubles have touched rural and urban communities and that a growing list of casualties is emerging statewide. *Crain's Detroit Business* recently reported that Detroit's three leading HMOs are on the brink of bankruptcy because of Medicaid underfunding.



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