Private health management company slashes Kentucky Medicaid services

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CoventryCares of Kentucky, one of the private insurers hired last year to manage the state's Medicaid program, is aggressively cutting services and reimbursement rates.

On top of slashing services, the company is also seeking to stop covering a drug that has shown to be effective in the treatment of drug addiction. This is all brought to light amidst the revelation that the health care industry is spending record amounts of money in Frankfort, the state capital, primarily on lobbying.

Last year, lobbying surpassed $8 million, as private interests clamored for more government backing. More than $700,000 was spent in Frankfort by the health care industry alone.

Many of the hospitals that Coventry serves are located in counties in eastern Kentucky, one of the poorest regions of the US.

Marred by long-term economic distress, a collapse in better-paying mining jobs, the lack of social infrastructure, and environmental degradation, the mountainous region has a host of social and health ills. Higher rates of cancer, heart disease, diabetes, obesity, and respiratory ailments contribute to life expectancies equivalent to those in developing countries.

Coventry was one of four private companies that began managing Medicaid in the state last November. The move was spearheaded by Democratic Governor Steve Beshear, who described the decision in positive terms as "a major sea change". In addition, Janie Miller, who was Health and Family Services Secretary until March of this year, stated that the privatization scheme would usher in a"new era" in Kentucky, that would lead to increased "efficiency, innovation and effectiveness".

It comes as no surprise that the promises of the Beshear administration were empty—or rather, that they were codewords signaling to big business that the state was preparing the sell-off and dismantlement of its health care program for the poor. As with the Obama administration's health care "reforms," the main focus for the Beshear administration was always on cutting costs, but the language used to foster the deal was steeped in populist appeal. Kentucky's Medicaid oversight privatization plan was one of numerous other state-level attacks on the program since the onset of the financial crisis in 2008.

Last Thursday marked the end of a month-long battle between Coventry and Appalachian Regional Healthcare—a chain of hospitals serving much of the eastern portion of the state—when the two sides reached an agreement. Initially, the insurer wanted to discontinue services altogether. The final result is only slightly less severe.

Coventry has agreed to continue providing services to ARH as a "non-contracted provider". The agreement results in a steep decrease of Medicaid reimbursements for ARH. Steve Price, an attorney for ARH, said the agreement was "not acceptable by any means. It's giving Coventry everything they want".

Under the current reimbursement rate, Medicaid pays 75 percent of the cost of treating patients on an in-patient basis. The new deal will create a further reduction in a region mired by poverty. Without ARH, Coventry would not have a network in eastern Kentucky.

Rick King, ARH's chief legal officer, commented on the difficulty members would face in obtaining health care had Coventry discontinued services all together. "We're talking about 25,000 or more people who are going to be scrambling around trying to find healthcare in places where they've never been," he said, "trying to buy gas that they can't afford". Medicaid enrollees would have to drive an hour or more to seek medical care, and would confront the growing number of clinics who have stopped accepting Medicaid recipients altogether due to the state's dismally low reimbursement rates.

It is unknown how the agreement will affect Medicaid rolls. More slashing of services and possibly even closing of hospitals are some possible eventualities. What is certain is that with the deal, Coventry has taken a step further towards denying wide layers of the population access to care.

In addition to cutting services to ARH hospitals, Coventry has expressed its intention to cut services to King's Daughter Hospital in Boyd County, and Baptist Regional Healthcare hospitals, which serve six counties.

The social statistics in many areas of Kentucky are reminiscent of a Steinbeck novel. ARH serves eight counties, all of which suffer an unemployment rate over 8 percent in which at least 23 percent of residents live below the official poverty line

The counties where the ARH hospitals are located are Harlan, Perry, Leslie, Floyd, Bell, Morgan, Letcher, and Pike.

Harlan, Perry, Leslie, Bell and Morgan counties have unemployment rates of 13 percent or more, with at least 27 percent of residents living below the official poverty line. Furthermore, Bell County is riddled by drug abuse. Drug counselors report that they have treated addicts as young as nine, and Morgan County is struggling to recover after a March 2 tornado ravaged the area. The county with the highest unemployment rate is Morgan County at 14.4 percent; the highest proportions of residents live below the poverty line in Harlan and Leslie counties, at 32 percent.

In addition to the ARH agreement, Coventry proposed to stop covering a drug that helps addicts fight opioid addiction. This is an especially cruel move in a state where there is a prescription drug overdose death rate of 26.3 per 100,000, which is almost twice as high as the rest of the nation.

Coventry announced plans to stop payment for the drug buprenorphine, which is a drug used to curtail cravings for drugs such as Oxycontin and Vicodin. The decision was justified by the fact that only pregnant women, women who recently gave birth and those under age 21 are eligible for addiction treatment in Kentucky's Medicaid program. The move brought the threat of a lawsuit from a group of addiction treatment centers.

Doctors in the state have condemned Coventry's decision, which they claim could lead to serious complications, relapse and more overdose deaths for recovering addicts. Dr. Michelle Lofwall, an addiction specialist and assistant professor at the University of Kentucky said "it's a cruel thing to do."

"This is a population that is poor," she said, adding, "it's not like they can afford to pay it out of pocket." A thirty-day supply of buprenorphine can cost over $450.

Buprenorphine is effective at helping addicts beat their addictions, evidenced by a study conducted by Dr. David McDowell of Columbia University, which reported an 88 percent success rate. In denying payment for the medication, Coventry will effectively condemn addicts to a life of drug dependency, criminalization, and an early death.