

Time to improve access by properly funding Medicaid

In these uncertain times, it is paramount that Indiana's lawmakers commit to properly fund the Medicaid program in the next state budget. The number of Hoosiers for whom Medicaid is the sole source of health care coverage is growing rapidly, and the current economic downturn will accelerate this trend. The level at which doctors, hospitals and other health providers are paid under Indiana's Medicaid program has been inadequate for many years, and cuts would impair our ability to deliver high-quality health care to all Hoosiers, including our most vulnerable citizens. Our associations and the thousands of members we represent urge the General Assembly to adequately fund the Medicaid budget in the 2009 session and prevent any provider cuts.

Almost 800,000 people in Indiana receive health care under the Medicaid program, and it pays for almost one-half of all babies delivered in our state. Unlike Medicare, Medicaid is a joint state-federal program. State governments contribute funding and have some flexibility in determining who is eligible, what services are offered, and the level at which health care providers are reimbursed.

Under the federal stimulus legislation, Indiana may receive as much as \$1.3 billion for its Medicaid program. This is welcome news and it will help fund this social safety net at time when the need is great. While Congress intended these funds to provide a temporary boost in the federal government's share of the cost of the Medicaid program, some states are already threatening to slash their Medicaid funding in an effort to balance their budgets. Fortunately, Indiana is much better positioned than other states, and we hope we can avoid such a scenario here.

The gap between the cost of providing care and payments received is widening. Squeezed by reimbursement far below the cost of delivering care, doctors have been forced to consider dropping out of the program or limiting their treatment of Medicaid patients. In a recent national survey, a mere 17 percent of doctors said the financial performance of their practice was "healthy," and 53 percent already have closed their practices to certain patients based on payment source.

Hospitals are also grappling with government payment shortfalls. Medicaid rates for hospitals' services under Indiana's Medicaid program often amount to less than 50 cents for every dollar of cost. Additionally, some hospitals provide financial support to physicians rather than see Medicaid patients go without care. Such shortfalls invariably lead to cost-shifting to those with private health insurance. A 2008 study by the independent consulting firm Milliman

estimated that the total annual cost shifted to commercial payers in the U.S. from Medicare and Medicaid underpayments to physicians and hospitals is approximately \$88.8 billion.

In the near future, policymakers must address these serious issues created by inadequate reimbursement to physicians, hospitals, and all other providers under Indiana's Medicaid program. Raising rates to levels more like commercial insurance would be a welcome development. While the current economic situation makes that unlikely in 2009, let's first resolve to prevent any form of Medicaid cut in the next state budget.

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Editor's Note: Photos of Dr. Welsh and Mr. Leonard may be found at www.ismanet.org/news/media.htm or call Nick Peetz at the ISMA, (317) 261-2060.

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