Medicaid and Medicare Cuts Worry Physicians, Patients

Several states are reducing Medicaid payments to physicians, and the federal government is considering reducing Medicare spending. It’s not a pleasant combination for the nation’s poorest and most elderly patients — or the providers treating them.

Physicians are finding themselves between a rock and a hard place. To make up for the loss in revenue the spending cuts will cause, providers may need to reduce the number of Medicare and Medicaid patients they accept and/or raise the rates for their privately insured patients.

The states which are already enforcing Medicaid cuts in July — about seven of them — reflect a widespread epidemic. In June, more than half of the states nationwide decided to reduce provider payments for the fiscal year beginning July 1, according to the National Association of State Budget Officers Spring 2011 report.

On the federal side, proposed spending reductions could cut $859 billion under Medicare, and $575 billion in federal Medicaid payments to states between 2013 and 2021, according to a study conducted by healthcare policy research and management consulting firm The Lewin Group.

"Physicians appreciate the need to reduce our nation's deficit, but it must be done strategically rather than with across-the-board cuts that harm vulnerable patient populations," newly elected AMA President Peter Carmel said in a statement. "With baby boomers entering Medicare and more patients joining Medicaid, the AMA encourages policymakers to focus on policy changes that will protect vulnerable patients while improving the fiscal health of the nation."

Adding fuel to the fire, CMS recently issued its proposed changes to the 2012 Medicare Physician Fee Schedule. The changes include a plan to cut Medicare pay to physicians by 30 percent. Historically, similar such cuts have been avoided; however, physicians will have to wait until November to hear the final rule.

Currently, Medicaid serves nearly 60 million low-income and disabled people, according to the NASBO report. It’s estimated that more than 100 million people are insured under both Medicare and Medicaid. That number is expected to increase due to increased enrollment as a result of the poor economy and health reform initiatives.

The states reducing Medicaid payments for physicians throughout July include South Carolina (which is cutting payments two percent in addition to a three percent reduction implemented in April), Colorado (0.75 percent), Nebraska (2.5 percent), Oregon (11 percent for doctors exempting primary care), and South Dakota (4.5 percent for primary care physicians), according to Kaiser Health News which received its information from state hospital and medical associations and state Medicaid agencies.

Arizona, which imposed a five percent cut for doctors in April and will impose another five percent in October.

Disclosures: