

CHL Audio Report 031214

Headline: Legislators Hope To Restore Medi-Cal  
Provider Cut, Boost Access to Care

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Publication: *California Healthline*  
Date posted: March 12, 2014

Assembly members Nancy Skinner (D-Berkeley) and Richard Pan (D-Sacramento) have launched a pair of bills designed to boost funding and ensure long-term stability for the Medi-Cal program. This is an audio report for *California Healthline*, a daily news service of the California HealthCare Foundation. I'm Deirdre Kennedy.

California pays its providers some of the lowest Medicaid rates in the country -- behind only New Jersey and Rhode Island. That was true even before state lawmakers -- including Nancy Skinner -- voted to cut Medi-Cal payments even more, to balance the state budget three years ago.

***(Skinner): "In 2011, when we were still in the depths of the recession, we did a bill that slashed the Medi-Cal rates by 10%. We are not in the recession any longer. We're in a surplus situation now. So we now have the responsibility and the obligation to raise those rates and to make true the delivery of the Affordable Care Act as we have committed to do so."***

The main parts of that 10% cut took effect this year after physicians' groups lost a two-year legal battle to overturn it. Skinner's bill AB 1805 would erase that cut going forward. Skinner and Pan have joined forces with provider groups and patients who warn that such low rates make it impossible for providers to stay in business.

Even before the ACA expansion, one in four Medi-Cal patients reported difficulty finding a primary care doctor who would see them, and almost half couldn't find a specialist. That access crunch promises to get tighter with the estimated 2 million Californians added to the rolls under Medi-Cal expansion.

In order to entice more primary care providers to take those millions of new patients, the ACA is willing to temporarily pay to boost their rates to the same level as Medicare. Richard Pan, a pediatrician in Sacramento who chairs

the Assembly Health Committee, says that so-called primary care bump is a modest improvement -- but it only lasts until December.

***(Pan): "There's basically less than a year left for that. So you're not going to attract new providers into the Medi-Cal program if all they see is that, 'Oh yeah, we'll pay you more for one year and then we're going to drop the payment at the end.' Why would I take on a patient where I'm going to get a payment that's acceptable to me now but then know that in a year that it won't be."***

Pan's bill AB 1759 would extend the pay hike for at least another year. The bill would also appoint an independent panel of experts and stakeholders -- similar to the Medicare Payment Advisory Commission or MedPac -- to review Medi-Cal data and assess how rate policies affect access and patient care.

***(Pan): "It's very important for us as policymakers to actually have that kind of assessment because often what happens when we're being told we need to cut Medi-Cal rates by x-number percent because the budget's bad or whatever else, we need to know what the impact is of what we're doing."***

Mari Cantwell, chief deputy director of the Department of Health Care Services for health care programs, says her agency regularly reviews the impact of its payment policies on the Medi-Cal program. In order to maintain access to services, it has discretion to determine rates and has already exempted key services from the cuts, such as specialty pharmacies and rural nursing facilities.

***(Cantwell): "So we have exercised that discretion and in a variety of cases, both initially and then over time as we've continued to monitor access, we've exempted further provider types when we've had concerns about access. For example, we decided it wouldn't make sense to have that 10% reduction apply to physician services for children."***

She says another way it's ensuring access to care is by enrolling new Medi-Cal patients into managed care plans that contract with providers for a range of health services patients need.

The governor's finance and budget spokesman H.D. Palmer says even though the state has a projected surplus this year, it's not a time to start spending

so soon after recovering from an economic downturn. He says Medi-Cal is the state's second biggest budget item after education.

***(Palmer): "One of the reasons we been able finally get revenues and expenditures in line is we've had to make some difficult but necessary reductions in general fund spending over the last three years. And the governors guidance to the departments and agencies is that those prior reductions are going to be ongoing in nature."***

Lawmakers will have a better view of the state's financial health as tax revenues roll in and the governor issues his revised budget in May. Meanwhile, both Assembly bills are expected to be heard in committee at the end of March.

This has been an audio report for *California Healthline*, a daily news service of the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at [CHL@CHCF.org](mailto:CHL@CHCF.org). I'm Deirdre Kennedy, thanks for listening.