

MEDICAID EFFICIENCIES IN RESPONSE TO BUDGET DEFICIT

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DENVER – July 1, 2009 – The Department of Health Care Policy and Financing announced today that specific provider reimbursement rates will be reduced effective today. The Department was given flexibility as to how to implement the \$30.8 million reduction to physical health providers as included in the FY 09-10 Long Bill.

Medicaid is a public health care insurance program for Colorado’s low-income families, children, pregnant women, the elderly and people with disabilities. Eligibility is based on income and family size. Medicaid is funded jointly through a federal-state partnership and administered by the Department. There are 462,033 clients enrolled in Medicaid as of May 31, 2009.

The Department strongly believes that an “across-the-board” rate cut would do more harm than good to Medicaid clients. Preventive and primary care remain a high priority – current rates for primary and preventive care; oral health; and direct care providers will not be cut.

“The Department reached out to providers, stakeholders, and advocates for recommendations on how to avoid rate reductions by finding ways to reduce avoidable utilization, for example, decreasing avoidable visits to the emergency room,” says Sandeep Wadhwa, MD, Medicaid director. “Based on the feedback the Department received, a series of targeted initiatives to encourage reduction of avoidable utilization will be implemented along with targeted provider rate reductions. Our primary goal was to implement innovative ideas which reduce costs and maintain access to health care while supporting providers.”

Approximately one-third of the total reduction will be achieved through these targeted initiatives. The remaining reduction will be achieved by reducing provider rates by 2%. No provider group will receive a higher rate reduction than 2%.

“We understand that these cuts are going to force physicians to make tough choices and we urge them to make every effort to maintain their participation in the Medicaid program during these difficult economic times. The Colorado Medical Society/Specialty Society Medicaid Reform Task Force continues to work with the department to reconfigure the Medicaid payment system to ensure adequate access to care for Colorado patients,” says Alfred Gilchrist, CEO, Colorado Medical Society.

The Department will monitor the expenditure and utilization throughout the fiscal year to ensure that the implemented volume and utilization reductions are being met. If the implemented reductions do not produce the needed result, the Department will implement additional provider rate reductions to ensure that it meets the total reduction in the Long Bill.

About the Colorado Department of Health Care Policy and Financing: The Department administers the Medicaid and Child Health Plan *Plus* programs as well as a variety of other programs for Colorado’s low-income, elderly and people with disabilities. The mission of the Department is to improve access to cost-effective, quality health care services for Coloradans. For more information about the Department of Health Care Policy and Financing, please visit colorado.gov/hcpf.

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