

Trump budget impact: Medicaid cuts could shift poor patients from doctors' offices to hospitals

By ED SEALOVER | Denver Business Journal | Published: MAY 23, 2017

President Donald Trump's proposed cuts in health-care spending, if enacted, would likely reduce the number of Coloradans on Medicaid as well as the number of Colorado physicians who will continue to accept Medicaid patients, several observers said today.

In the first budget proposal of his presidency, Trump calls for reducing federal Medicaid spending by \$610 billion over the next 10 years, in addition to the \$839 billion in spending cuts to the low-income government insurance program predicted in the American Health Care Act (ACHA), the measure passed recently by U.S. House of Representatives Republicans that would back aspects of former President Barack Obama's health care overhaul.



The ACHA is expected to undergo significant changes in the Senate.

And Trump's spending plan is given little chance of passing Congress in its present form, even with fellow Republicans in control. "Congress sets funding levels, and this is simply a blueprint from the administration," said U.S. Sen. Cory Gardner, R-Colorado.

"The president's budget has never been the starting point for anything as long as I've been here," said U.S. Rep. John Yarmuth, D-Kentucky, the top-ranking Democrat on the House Budget Committee. "I don't think there's much chance of this budget going anywhere."

Much of the initial reaction to the proposed health-care spending cuts has focused on the number of people who no longer would be covered if states cut Medicaid eligibility or who would choose not to buy health insurance.

"The president's heartless budget proposal amply shows his lack of concern for Americans' health, financial struggles and hopes for a better life for their kids," said U.S. Rep. Diana DeGette, D-Denver.

The budget's proposed cuts could lead to a reduction in patients for providers and could lead to an "emergency-room crush," as people would wait to get health care until they are quite sick and then stream into what could be more crowded emergency departments treating more acute symptoms, theorized Andrew Friedson, assistant professor of economics at the University of Colorado Denver.

But Friedson noted that the budget proposal doesn't specify exactly how states would have to reduce their spending on Medicaid when the amount of money flowing to them from the federal government tapers off a bit in the next decade.

Turning patients into money losers

So, while many observers assume that states will have to roll back eligibility for the program that covers about one in every five Coloradans right now, states also could choose to roll back reimbursements for the program, which many doctors now estimate to cover only 75 percent of their spending on Medicaid patients to begin with.

If that happens, a large number of doctors either could stop accepting new Medicaid patients or stop seeing them altogether, said Andrew Graham, president/CEO of Clinic Service, a Denver-based medical billing and consulting company that works with 200 medical offices comprising more than 1,000 physicians.

It isn't that doctors don't have hearts to treat the poor anymore, he said; it's just that such reimbursement rollbacks could make such patients money losers who threaten to sink doctors' practices at a time of high costs in general.

Ten years ago, Graham advised clients not to accept any Medicaid patients, as the reimbursement to providers was only 60 percent of the reimbursement to providers of Medicare. But Colorado upped those rates significantly since 2010 passage of the federal Affordable Care Act, also known as Obamacare, and now physicians can treat those patients without worry that their revenue is not sustainable.

However, if the Trump budget passes in similar form to what was introduced and changes the dynamics of Medicaid funding to states, states like Colorado pretty much have to cut provider reimbursements, Graham said.

And doctors, especially those who see a large percentage of patients on the government insurance program, have to find a different base of patients in order to pay their own bills, he said, meaning they will end up more often in nonprofit or government-funded clinics.

"It's going to shut [Medicaid patients] out of the private market and force them onto Denver Health, who has to take all comers," Graham said.

The cuts in general are necessary to make government-funded programs more sustainable and to shift spending to areas like defense, said U.S. Rep. Scott Tipton, R-Cortez.

"Our country is at a critical junction, and the federal government cannot continue to spend money it doesn't have," Tipton said.

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