



News Update

August 10th 2011

1904 Naomi Place, Prescott, AZ 86303
www.californiadialysis.org mail@californiadialysis.org 928-717-1156

Medi-Cal 10% Cut - - Meeting with CMS in D.C.

Our Corporate Partners



CDC President, Dr. Thomas Paukert, and CDC Legislative Advocate, Michael Arnold, participated in a very important meeting with CMS and Congressional Staff in Washington D.C. on August 4, 2011. The meeting was arranged on behalf of the Alliance for Patient Care (APC), a broad coalition of provider and patient groups in which the CDC has been an active participant since the inception of the group. The goal of the APC is to protect the Medi-Cal Program from budget cuts - - thus preserving access to critical medical care for Californians in need.

The meetings in Washington D.C. on August 4th were unprecedented. The day started with an 8:00 a.m. meeting with Dr. Donald Berwick, CMS Administrator; Cindy Mann, head of the Medicaid Program, and other CMS staff members. During this meeting, Dr. Paukert had an opportunity to speak directly to the CMS representatives. A copy of his remarks - - expanded upon during the presentation are on page 3. Dr. Berwick took special note of Dr. Paukert's comments.

Dr. Paukert was one of only two speakers from whom Dr. Berwick specifically requested that additional follow-up information be provided directly to him. Dr. Berwick expressed to the APC group that he wants additional information on "access issues." He committed to the group that CMS will do a "very complete" review of the State's request for payment reductions, patient co-pays and patient visit caps. However, Dr. Berwick made it clear that CMS is getting considerable pressure from the State of California and other states regarding the need to find savings in the Medicaid Program.

Continued on page two

Renaissance Palm Springs Hotel



*"Save the date for the
30th CDC Annual Educational
Conference"
April 12 ~ 14, 2012*

California Dialysis Council
1904 Naomi Place
Prescott, AZ 86303
Phone: 928-717-1156
Fax: 928-441-3857
E-mail: mail@californiadialysis.org

Next Board Meeting

August 19, 2011 ~ Oakland

For more information, on-line registration and hard copy registration forms, please visit our web site at: www.californiadialysis.org

Our meetings on Capitol Hill seemed less productive than the CMS meeting. With the Congressional agreement on the debt limit and Congress in recess, every Member of Congress had left for their district. Thus, we met with staff in several offices including Senators Boxer and Feinstein, and Congress Members Waxman, Lee, Thompson, Speier, Becerra, Pelosi, Stark and Capps. The APC also held a well attended briefing for general staff with whom we were not separately meeting.

As we told Dr. Berwick and our Congressional Delegation, this was truly an unprecedented trip where all of the major health care provider and patient groups in California came together to fight for one of the top health care priorities in California. The breadth of the group had an enormous impact on those with whom we met. Everyone commented on it throughout the day.

Dr. Berwick reiterated that this was one of the best meetings he has been part of during his tenure at CMS. All of the APC members who spoke presented concise facts and statistics and moving patient stories. Dr. Berwick and Cindy Mann were clearly impressed and seemed share our concerns. We obtained firm commitments from Dr. Berwick and Cindy Mann that this issue is a top priority for CMS. They are taking the issue very seriously, and will carefully weigh all information they receive. It was clear that they were educated, interested and engaged. They also understood the implications for the successful implementation of health care reform. Dr. Berwick was disturbed that the State had refused to share their information on the State Plan Amendment (SPA) request with the APC. He said he would see if there was something CMS could do to ensure more transparency in the process. Cindy Mann echoed that comment.

Timing for CMS Action

CMS is required to respond to the State's request within 90 days from the date the State filed their SPA. Thus, CMS must respond by September 30th. The State representatives are pushing for an early response so that they may implement the cuts as soon as possible. The statute calling for the 10% payment reduction allows the State to make that cut retroactive to June 1st. The statute gives the Department of Health Care Services considerable flexibility in the manner in which they will implement the cuts, if approval from CMS is granted. Note also, however, that if CMS requests additional information from the State, the 90 day clock starts over again. Note also that CMS has the authority to approve the request, deny the request, or approve the request with conditions.

Conclusion

It was critically important for the CDC to be a part of this historic meeting with the top two individuals at CMS in Washington, D.C. Dr. Paukert did a fantastic job of representing the interests of the entire dialysis community. If CMS rejects the proposed payment reductions, this meeting will be one of the key reasons why they decide to do so.

Comments of Dr. Thomas Paukert, President, CA Dialysis Council

To

Dr. Donald Berwick, CMS Administrator, August 4, 2010, Washington, D.C.

As President of the CA Dialysis Council and a nephrologist practicing in Napa County, California, I am familiar with many access issues already impacting the ESRD population of Medi-Cal beneficiaries. Our patients are some of the sickest and most vulnerable, having many co-morbid conditions and socio-economic challenges.

As a caring provider, I already find it difficult to provide the quality of care our patients deserve -- even at the current reimbursement rates. To suggest that these rates will now be cut by 10% is an absurdity. Such a cut flies in the face of federal law intended to ensure equal access for Medicaid beneficiaries.

My patients whose medical conditions require them to utilize non-emergency medical transportation are already adversely impacted by the lack of transportation providers -- with more going out of business daily in California. As with other services, a 10% cut will exacerbate that problem.

You are well aware that we are experiencing an epidemic of hypertension and diabetes in California and throughout the nation. These conditions are the two primary causes of ESRD. Thus, our ESRD population is growing faster than anyone ever predicted would be the case. If we are not careful, we will soon experience a shortage of dialysis stations for patients in need of dialysis care -- especially in regions with a high percentage of Medicaid patients. This will cause great harm to Medicaid beneficiaries suffering from ESRD and will ultimately cost the Medicaid program more money because Medicaid patients will remain hospitalized when they could otherwise be treated in ambulatory dialysis clinics -- if space were available.

Please reject these harmful and ill conceived cuts.



Alliance for Patient Care

The Alliance for Patient Care is a coalition of patient and provider organizations dedicated to protecting and improving access to health care for seniors, children, people with disabilities and families in the Medi-Cal program.

FOR IMMEDIATE RELEASE
August 3, 2011

Contact: Molly Weedn
916-551-2069

Over 25 California Health Care Groups Meet with Federal Officials

The Alliance for Patient Care sends contingency to Capitol Hill to urge Centers for Medicare & Medicaid Services to reject drastic cuts to California's Medi-Cal program

Washington, D.C., Thursday- The Alliance for Patient Care (APC), a coalition of health care providers, health plans, patient advocates, and others working together to protect access to care in California's Medi-Cal (Medicaid) program, heads to Washington, D.C. to urge the Centers for Medicare & Medicaid Services (CMS) and members of Congress to reject California's proposed cut to the state's Medicaid program (Medi-Cal).

In May, the APC sent a [letter](#) to CMS urging the agency to reject a proposed plan submitted by the state of California which would drastically cut Medi-Cal. The letter was submitted in response to the passage of Assembly Bill 97, which includes a 10 percent reduction in Medi-Cal payment rates to physicians, hospitals, nursing homes and other providers, patient copayments (\$50 per ER visit, \$5 per physician visit, \$100 per day in the hospital), and a limit of seven physician office visits per year. Governor Brown signed the legislation, which needs approval from CMS in order to take effect.

Because the California Medi-Cal rates are extremely low (the rates rank 47th out of 50 states), many providers cannot afford to participate. For instance, half of all California physicians don't participate in the program and thus, 56% of Medi-Cal patients report difficulty finding a physician. The copayments and arbitrary limits on services will create additional barriers for sick, vulnerable patients seeking care and ultimately, they will be forced to delay care or use emergency rooms for basic health services.

APC members will be meeting with the Centers for Medicare & Medicaid Services Administrator, Dr. Berwick, Director of the Center for Medicaid and State Operations, Cindy Mann and Congressional leaders.

Currently, Medi-Cal is the source of health care for one in five Californians (about 7 million). With the implementation of health care reform right around the corner, another 3 million uninsured will soon be added to the state's Medi-Cal program. For health reform to be a success, California needs to maintain and improve access to care, not create more road blocks to an already strained system.

In 2008, a similar plan was submitted, proposing to cut the reimbursement of all Medi-Cal providers. Recognizing that this reduction would have threatened Medi-Cal beneficiaries' access to healthcare services, CMS rejected the plan in November 2010.

Coalition participants meeting with leaders in Washington include:

California Academy of Physicians Assistants

"Implementing the proposed 2011/2012 State Plan Amendments in California will result in fewer providers able to participate in the Medi-Cal program, longer waiting periods for an already vulnerable

population and an overall barrier to successful implementation of the Affordable Care Act. The California Academy of Physician Assistants (CAPA) believes imposing these cuts will place patients in harm's way and restrict access to care." – *Gaye Breyman, CEO*

California Association of Health Facilities

"California's most recent budget places Medi-Cal beneficiaries at a significant risk of being unable to gain access to quality long term care. With the looming threat of shutdowns of homes for the developmentally disabled and other bad outcomes if the California State Medicaid Plan is approved, CMS must uphold its responsibility to protect Medicaid beneficiaries by rejecting purely budgetary decisions that threaten the well-being of the most dependent in our society." - *Nancy C. Reagan, Director of Legislative Affairs*

California Association of Health Plans

"More cuts to Medi-Cal will have serious ramifications throughout the state's entire health system. State officials must thoroughly study the impact of their proposed rate cuts in order to ensure that access to care is not further eroded for the neediest Californians." – *Charles Bacchi, Executive Vice President*

California Association for Health Services at Home

"A continual decrease in home health reimbursement rates will decimate a person's chance of staying in their home, and will instead send them straight to a hospital, at a higher cost to tax payers." *Jordan Lindsey, Director of Policy*

California Children's Hospital Association

"California's SPA request to further decrease Medi-Cal reimbursement for physicians and other providers, and the waiver request to implement mandatory co-pays, will impact every child's ability to get the appropriate care at the appropriate time as there won't be as many providers willing to participate in the program." - *Lucinda A. Ehnes, President & CEO*

California Clinical Laboratory Association

"Clinical laboratory testing provides medical practitioners with critical information for diagnosis and treatment decisions. We urge CMS to protect access to these important testing services for Medicaid beneficiaries in California by rejecting the proposed 10% reduction in provider payments." - *Lorri Dean Yoakum, President*

California Dialysis Council

"We hope CMS will not make itself irrelevant with respect to ensuring state compliance with the standards of equal access and quality called for by federal law--Section 1902(a)(30)(A) of the Social Security Act. If CMS does not force the states to prove that cuts, caps and co-pays will not adversely impact access and quality, then who will? What will occur in future years when further cuts are made?" - *Dr. Tom Paukert, President*

California Hospital Association

"The state's proposal to reduce Medi-Cal reimbursement rates for hospital-based sub-acute units and skilled nursing facilities is already having a dramatic impact on access to care for some of our sickest patients. As of June 1 (when the state's proposal rate cut was scheduled to take effect), we have stopped all admissions to our sub-acute unit. As a result, these patients, many of whom who have suffered traumatic injuries or devastating illnesses, are being forced to remain in hospital ICUs or acute-



Alliance for Patient Care

The Alliance for Patient Care is a coalition of patient and provider organizations dedicated to protecting and improving access to health care for seniors, children, people with disabilities and families in the Medi-Cal program.

care beds because there is no other place for them to receive care. Nearly 40 percent of sub-acute patients are on ventilators, the rest are on some type of respirator support, which must be delivered in a hospital setting. Because the proposed rate cut is based on the rates that were in effect in 2008-09, the state's proposal translates into an approximately 25 percent cut rather than the 10 percent as has been portrayed. Cuts of this magnitude, which would result in payments below the actual cost of delivering care, cannot be sustained. CMS must reject the state's proposed rate cuts. Otherwise, my facility and many others many not be able to continuing providing care." - *Marcia K. Hall, CEO, Sharp Coronado Hospital and Healthcare Center*

California Medical Association

"The California Medical Association strongly urges CMS to reject the state's plan. Medi-Cal reimbursement rate cuts may seem like a short term budget fix, but the dramatic long term affect is anything but a cost saver. The proposed cuts will severely limit access to care for millions of Californians, which violates federal law. California should be looking toward solutions that build and expand the physician workforce, rather than limiting resources to treat the seven million individuals who are part of the Medi-Cal program now." - *Dustin Corcoran, Chief Executive Officer*

California Pharmacists Association

The California Pharmacists Association is deeply concerned that the State of California is again seeking to limit access to health care services for underserved Medicaid patients by significantly reducing provider payments and imposing mandatory co-payments on patients. Patient access to affordable medication and pharmacist-delivered services ensures that both acute illnesses and chronic diseases are managed cost-effectively, thereby reducing hospital admissions and emergency room visits. The State of California has failed to acknowledge the long term costs associated with the proposed cuts and is instead relying on short-term budget maneuvers. - *Jon R. Roth, Chief Executive Officer*

California Psychiatric Association

"There are already tragic consequences because of the lack of access to effective primary care for people with serious mental illness. These individuals are predominantly served by Medicaid now and die 25 years prematurely due to untreated health conditions. A 10% rate reduction will exacerbate this trend. Access to both basic primary care and psychiatric treatment will cost less than the emergency department visits, inpatient stays, and the arrests and incarceration in jails and prisons that are the inevitable result when access is curtailed." *Robin Cooper, MD*

National Coalition for Assistive and Rehab Technology

"The proposed Medi-Cal cuts will impair or deny access of complex rehab products to California's most vulnerable citizens. In a recent survey of Complex Rehab Technology suppliers, 88% indicated they would have to drastically reduce the products and services they offer should these cuts be implemented. We ask that CMS deny the submitted California State Plan Amendment and instruct the state to go back and consider alternatives that have been suggested by the provider community that can produce savings while minimizing the impact to Medi-Cal beneficiaries." - *Jerry Knight, President, Northwest Region, ATG Rehab*

Osteopathic Physicians & Surgeons of California

"Every day osteopathic physicians (DOs) see the trauma caused when Medi-Cal patients aren't able to get the care they need. Because DOs disproportionately care for underserved populations, we

experience first-hand how patients suffer when they don't have access to appropriate medical care. Current Medi-Cal rates already fall short of covering the cost of patient care. An additional cut would be devastating." - *Gregory Pecchia, DO, President*

Planned Parenthood Affiliates of California

"Decreasing the reimbursement rate paid to Medi-Cal providers will only worsen an already critical situation by driving doctors away from the system, and instituting co-pays will erect barriers to care for those who can least afford it. Planned Parenthood will continue to be there for the thousands of new patients who come through our doors each year, many who are struggling to make ends meet or who have recently lost their jobs or insurance in the economic downturn. The proposed rate cuts and co-pays will make it much more difficult for us and others to provide the essential care low-income Californians need. It's our patients who will be hurt the most." – *Kathy Kneer, President and CEO*

Western Center on Law and Poverty

"Far too often over the past two years, California has forced our sick and frail elderly to shoulder the burden of the state's fiscal impasse. We need Washington to enforce existing laws that protect low-income people from paying far more than they can afford for basic health services and reject the state's waiver to require cost-sharing in Medicaid." *Vanessa Cajina, Legislative Advocate*



California Dialysis Council

Legislative Office

Phone: (916) 446-2646 ◊ Fax: (916) 446-6095 ◊ 1127 11th Street, Suite 820, Sacramento, CA 95814

California Medicaid Cuts – Request for CMS to Reject

The California Dialysis Council (CDC) urges CMS to reject the cuts made to the California Medicaid program by AB 97, Chapter 3, Statutes of 2011. **The cuts contained in this “budget trailer bill” clearly violate federal law and would have a devastating impact on access to service and quality of service for Medicaid beneficiaries in California.**

AB 97 proposes billions in cuts to the Medicaid program in California. These cuts include a 10 percent reduction in provider payments, in addition to other cuts.

Chilling Impact on the Location of New Dialysis Clinics/Increasing Medicaid Costs

Low reimbursement levels and slow clinic licensure and certification are already having a chilling impact on decisions by dialysis providers to locate new clinics in California. With the growth of the dialysis population, access to dialysis services in geographic areas with a high proportion of Medicaid beneficiaries will experience disproportionate adverse impacts. Patients will suffer and costs will increase due to lack of space in dialysis clinics, causing patients to remain in the hospital for extended periods of time.

State Action Clearly Violates Federal Law

To receive federal funds, states are required to administer their programs in compliance with individual “state plans for medical assistance” approved by the federal Secretary of Health and Human Services. Federal law requires states “to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available in the geographic area.”

On behalf of California’s most vulnerable patients, we ask you to reject any plan amendment, waiver, flexibility plan or other changes in law or regulation that would allow California to reduce its already deficient provider payments. The CDC urges CMS to reject these cuts on the basis that the State has not shown and cannot demonstrate compliance with the requirement to assure that the reduced provider payments will be sufficient to enlist enough providers so that care and services will be available to Medicaid beneficiaries at least to the same extent that they will be available to other patients in the same geographic area.