

Health care cuts will leave state in critical condition, foes say

By **Chuck Lindell**

AMERICAN-STATESMAN STAFF

Published: 9:21 p.m. Saturday, April 9, 2011

Deep spending cuts in the recently passed House budget would profoundly change the state's medical system, placing tens of thousands of Texans in the difficult position of finding alternate care from a dwindling list of prospects, health care advocates warn.

Much of the impact would be on elderly Texans, adults with disabilities, those in need of mental health care and low-income families in search of obstetricians, pediatricians and general practitioners. Private insurance rates and hospital-provided care also might be affected.

Even the still-developing Senate budget, which seeks to mitigate many of the deepest cuts, carries a measure of pain that several Republicans rue but feel powerless to prevent.

It adds up to uncertain times for health care providers and patients alike.

"This is devastating, and that's not hyperbole," said Trey Berndt with AARP Texas. "I'm not sure everyone understands how dire the cuts are."

Keeping up with population growth and maintaining current health and human service programs would have cost about \$31 billion in state money in 2012-13.

The House set aside \$22 billion.

About \$1.6 billion was saved with a 10 percent cut in Medicaid reimbursement rates for doctors, hospitals and nursing homes that serve 3.5 million Texans with disabilities or low incomes.

An additional \$4.3 billion was cut from projected cases. But because Medicaid-eligible patients cannot be turned away, the Legislature is expected to return in 2012 or 2013 to pass a supplemental budget to fill the gap.

Medicaid providers fear that if the Legislature doesn't come up with the money, those reimbursement rate cuts will grow far larger, said Eva DeLuna Castro, budget analyst for the liberal-leaning Center for Public Policy Priorities.

Because the need for most medical help will be met somewhere, politicians and advocates describe the health care system as a balloon: Squeeze it here, and it bulges out there.

For example, the House approved a 10 percent cut to Medicaid reimbursement rates for doctors, raising fears that even more physicians will stop participating in the state-federal insurance program.

If that happens, patients without access to doctors can be expected to show up in more expensive emergency rooms with advanced conditions that cost more to treat.

Private insurance rates could rise if hospitals shift higher costs to paying patients, and property taxes could rise if publicly owned hospitals must offset a financial hit.

"There is going to be a ripple effect through the entire health care community," said Tom Banning, chief executive officer of the Texas Academy of Family Physicians. "There will be severe downstream consequences."

Or consider proposed cuts to home health services. Without attendants and therapists to help them live at home, elderly Texans may need to move into nursing homes, which can double or triple costs to the state.

But other cuts could force many of the state's nursing homes to close, so where would those people go?

"I'm very fearful," said Roger Peden II, administrator of Stonebridge Health Center, a nursing home west of Austin. "If these cuts go through as proposed, it will be life-altering for seniors in Texas, as well as for medical employees and those who work in and around nursing homes."

At the same time, one-third of the state budget goes toward health and social service programs, and higher costs are anticipated, particularly with the biggest expense: Medicaid.

A study by the conservative Texas Public Policy Foundation projects unsustainable growth for Medicaid, which might consume almost 47 percent of the state budget in 2014-15, up from 28 percent in 2008-09.

"We have some hard choices to make," said Arlene Wohlgemuth, executive director of the foundation. "But we also have a responsibility to keep our economy in as healthy a shape as we can. That affects all Texans."

Already-struggling families cannot be asked to pay more taxes, said Wohlgemuth, a former House member. "I have a lot of sympathy for our legislators, but the message last November continues to be strong that people want reduced spending."

Still, Sen. Bob Deuell, R-Greenville, said recently that "even in my very Republican, conservative district," he's heard support for tapping the state's rainy day fund and raising the gas tax and state fees to cushion the impact of health care cuts.

Hoping to give Republicans like Deuell ammunition for the next steps of the budget process, the Texas Medical Association is planning a series of meetings between legislators and constituents to spotlight the House budget's human and economic toll.

At the very least, the association hopes to stoke support for a looser Senate budget, which started with cuts similar to the House version but has grown by \$10 billion in added spending, including \$4.3 billion for health care.

Differences between the House and Senate versions must be worked out in conference committee and approved by both houses before the session ends May 31.

Nursing homes

The House budget would cut Medicaid-financed nursing home care by 33 percent, endangering at least half of the state's 1,100 nursing homes and putting others at risk of firing staffers and cutting services, advocates warn.

At greatest risk are the 551 homes that have at least 70 percent of their residents on Medicaid, said Tim Graves, president of the Texas Health Care Association, a nonprofit for nursing homes and assisted living facilities. Those homes have about 46,000 residents and 63,000 employees.

"I can't say these are all going to close, but I can't see how they're going to stay open," Graves said.

The Stonebridge Health Center, with 48 percent of its 115 residents on Medicaid, is better off than many other nursing homes, said Peden, its administrator.

"The way I explain it to my families is this: We would likely not close because we would make drastic changes to our operation," he said, listing options that include buying cheaper food and cutting hours for the on-site nurse practitioner.

Many homes operate on thin profit margins because Texas' Medicaid reimbursement rate ranks 49th in the nation — \$123 per day per patient, down 3 percent in recent months, Graves said.

The House bill would add a 10 percent rate cut. Senate plans for a 2 percent rate cut were shelved for later consideration.

Home health care

Earning about minimum wage, home care attendants help about 125,000 Texans bathe, dress, cook, shop and visit doctors — the kind of care that helps elderly people and adults with disabilities continue living at home and avoid nursing homes.

The cost is typically one-fourth to one-half the price of nursing home care.

All 700 of the state's private attendant care companies would be forced to close under the House bill, which cuts almost \$900 million in state and matching federal money — or 28 to 37 percent — from three home care programs, said Anita Bradberry, director of the Texas Association for Home Care & Hospice.

Labor is the biggest expense for the one-on-one care, Bradberry said, but companies can't cut pay to employees already earning minimum wage.

"It is basically telling people, 'You are on your own,'" she said. "It's very coldhearted."

Medicaid patients

Dr. Guadalupe Zamora is one of the declining number of Texas physicians who still accept new Medicaid patients.

His East Austin practice, however, might have to adapt if the House does cut Medicaid reimbursement rates by 10 percent. (The Senate, so far, would keep rates unchanged.)

"We may not take new Medicaid patients, but we'll certainly try to stay supporting our current patients," Zamora said. "The taxpayers educated me, put me through medical school, and I see an obligation to serve. So we'll certainly do our best to continue" accepting new patients.

Only 42 percent of Texas doctors were accepting new Medicaid patients in 2008, according to the latest survey by the Texas Medical Association. That was down from 67 percent in 2000.

Poor Medicaid reimbursement rates, which are roughly 30 percent below what the federal Medicare program pays for similar procedures, are largely to blame for the decline, said Banning, of the Texas Academy of Family Physicians.

Mental health services

The House would cut almost \$85 million from mental health care for adults, \$88 million from state and community mental health hospitals, \$8 million from care for children and \$10 million from substance abuse care.

According to the Texas Council of Community Centers, 4,000 adults and 320 children would lose access to care that includes diagnoses, counseling, managing medication and help for families dealing with serious mental illnesses.

Some of the state's 150 mental health clinics would probably have to close, and the financial burden for mental health care would be increasingly borne by police, jails, emergency rooms and families, said Lee Johnson, deputy director of the council.

The Senate's version of the budget would restore cuts to mental health services.

Hospitals

Facing a 25 percent cut in Medicaid spending, hospitals might have to trim programs — obstetrics and ambulance services in some rural facilities, and wellness centers, immunizations, education and support groups at some city sites, said Ann Ward of the Texas Hospital Association.

Hospitals also are bracing for increased visits from uninsured patients and from Medicaid users shut out of mental health facilities, doctors' offices and other providers, Ward said.

"We could see longer wait times for the emergency room or for doctor appointments," she said. "And there will be a cost shift, ultimately, to those (patients) with private insurance."

clindell@statesman.com; 482-8516

Find this article at:

[Print this page](#)

[Close](#)

<http://www.statesman.com/news/texas-politics/health-care-cuts-will-leave-state-in-critical-1389167.html>

