RSC Policy Brief:
The Case for Medicaid Reform
September 15, 2008

While Congressional Democrats have discussed providing $10-15 billion in federal Medicaid payments to states as part of an economic "stimulus" package, many conservatives may believe that Congress should instead address the significant flaws within the current Medicaid program.

Beneficiaries Do Not View a Medicaid Card as "Real Insurance"

Although Medicaid in theory provides health coverage to more than 50 million Americans, beneficiaries often find their coverage lacking when they need it most. Poor reimbursement levels can result in months-long waits for specialist visits, while arcane bureaucracies discourage providers from participating in Medicaid—and patients from obtaining necessary care:

- A recent Centers for Disease Control study found that Medicaid patients visit the emergency room at nearly twice the rate of ***uninsured*** patients—suggesting that a Medicaid card does not mean that beneficiaries are receiving adequate primary care.[1]
- In Maryland, reports regarding 12-year-old Deamonte Driver—who died last February when a tooth infection spread to his brain—found that it took his mother, a lawyer, three call center workers, and a call center supervisor to schedule one dentist's appointment for Deamonte's brother—who then had to wait five months to have his teeth pulled.[2]
- One Michigan mother quoted in *The Wall Street Journal* last July expressed exasperation with the Medicaid program: "You feel so helpless thinking, something's wrong with this child and I can't even get her into a doctor….When we had real insurance, we would call and come in at the drop of a hat."[3]

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[1] National Hospital Ambulatory Medical Care Survey: 2006 Emergency Department Summary (Hyattsville, MD, National Center for Health Statistics, August 2008), available online at http://www.cdc.gov/nchs/data/nhsr/nhsr007.pdf (accessed September 13, 2008), Figure 3, p. 3.

[2] Testimony of Laurie Norris, Public Justice Center, before House Oversight and Government Reform Subcommittee on Domestic Policy, "The Story of Deamonte Driver," May 2, 2007, available online at http://oversight.house.gov/documents/20070516164514.pdf (accessed September 13, 2008), pp. 5-6.

[3] Vanessa Fuhrmans, "Note to Medicaid Patients: The Doctor Won't See You," *Wall Street Journal* July 19, 2007.

Beneficiaries Who Do Get Care Do Not Receive Quality Treatment
The lack of transparency and care coordination within many state Medicaid programs, coupled with frequent waits to obtain care, yield poor health outcomes, as a review of one state's Medicaid claims data demonstrates:

- Only 17% of women over age 50 received annual mammograms—well below the 100% recommended.
- Less than half of children received check-ups—a lack of preventive care which could result in undetected problems and costly episodes of acute care in the future.
- One beneficiary visited the emergency room 405 times within a three-year span—an indicator of poor or un-coordinated primary care, resulting in increased costs to the state.[4]

Taxpayer Funds Are Not Being Spent Prudently
Despite the poor outcomes demonstrated by many Medicaid participants, numerous reports suggest that programs do not spend their taxpayer funds wisely. In addition to inefficiencies resulting from poor or non-existent co-ordination of care, outright fraud and abuse remains systemic in many state programs:

- Reports by *The New York Times* in 2005 found that the state Medicaid program had reimbursed a Brooklyn dentist who billed Medicaid for 991 procedures in one day—even as the same newspaper found a poor teenager turned away three times without being asked to fill out a Medicaid application.[5]
- A former New York state investigator estimated that up to 40% of all state Medicaid claims paid—representing nearly $18 billion for New York alone—are questionable.[6]
- The Government Accountability Office (GAO) has frequently criticized the lack of accountability within the Medicaid program, including a May 2008 study where GAO could not provide a total amount of supplemental payments by state Medicaid programs—because state reporting on the billions of dollars spent was incomplete.[7]

Given the structural deficiencies associated with many state Medicaid programs, conservatives may view any attempt to give states a "blank check" to spend more on Medicaid without new accountability or reforms as a disservice to both the federal taxpayer and the needy beneficiaries which the program is designed to serve.

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[4] All data cited in testimony of Jim Frogue, Center for Health Transformation, before House Energy and Commerce Health Subcommittee, "State Fiscal Relief," available online at http://energycommerce.house.gov/cmte_mtgs/110-he-hrg.072208.Frogue-Testimony.pdf (accessed September 13, 2008).

[5] Clifford Levy and Michael Luo, "New York Medicaid Fraud May Reach into Billions," *New York Times* July 18, 2005, available online at http://www.nytimes.com/2005/07/18/nyregion/18medicaid.html?_r=1&oref=slogin (accessed September 13, 2008); Richard Perez-Pena, "Trying to Get, and Keep, Care Under Medicaid," *New York Times* October 18, 2005, available online at http://www.nytimes.com/2005/10/18/nyregion/nyregionspecial4/18jennifer.html (accessed September 13, 2008).

[6] Levy and Luo, "Fraud May Reach into Billions."

[7] "Medicaid: CMS Needs More Information on the Billions of Dollars Spent on Supplemental Payments," (Washington, Government Accountability Office, Report GAO-08-614), available online at http://www.gao.gov/new.items/d08614.pdf (accessed September 13, 2008), p. 14.