

Editorial: Providers' Medicaid nightmare becomes reality

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(Photo: William Petroski/Des Moines Register)

Gov. Terry Branstad insisted his plan to privatize administration of Medicaid would save the state money. It made no sense that handing billions of public dollars to for-profit companies would miraculously reduce spending in the health insurance program for 560,000 lowans. His administration provided no meaningful details about how savings would be achieved. The public was just supposed to have faith and hope for the best.

Now perhaps it is becoming clear how the Medicaid belt will be tightened: by not paying health care providers for services. Three months after the governor's pet privatization project was implemented, the billing problems are piling up.

Many lowans who provide in-home care for disabled people have gone without pay (<http://www.chicagotribune.com/lifestyles/health/sns-bc-ia--medicaid-privatization-20160708-story.html>) for weeks or months, according to a state workers' union. These are individuals who change bedpans, bathe and feed patients while earning \$9 to \$12 per hour. "Missing even one paycheck can be detrimental," said Danny Homan, state president of the American Federation of State, County and Municipal Employees.

He said his office has received multiple calls about problems. Though the providers filled out mounds of paperwork for the managed-care companies contracted by the Branstad administration, they report not being paid at all, being paid late and other billing problems.

Some health workers, nonprofits and businesses are turning to state lawmakers for help.

"Legislators continue to receive an unprecedented number of emails, phone calls and face-to-face questions," said Sen. Liz Mathis, D-Cedar Rapids, in a June 30 statement (<http://www.senate.iowa.gov/democrats/mathis-medicare-oversight-law-takes-effect-july-1-in-midst-of-continued-problems/>). Their concerns include billing, pre-authorization and payment rates. "It is not getting any better; in fact, it is getting worse."

Mathis said an executive at the Iowa Health Care Association, which represents nursing homes, told her 150 nursing facility providers reported that an MCO rejected 60 percent of claims in May. Some of the providers spoke at a legislative news conference in June.

Kim Lambert, owner of Carroll Area Nursing Service, said her agency had received no payments from the MCO selected by the vast majority of her clients. She was owed nearly \$300,000 and had taken out a loan to cover expenses.

Pat Giorgio, founder of Evergreen Estates in Cedar Rapids, said less than 40 percent of her facility's claims had been paid. Anticipating there would be problems when the governor's managed care plan went into effect, she set up a \$100,000 line of credit with her bank. The money is running out.

"The state was not prepared for this transition," she told a Register editorial writer last week.

The Cedar Rapids Gazette has reported (<http://www.thegazette.com/subject/news/health/therapy-providers-running-into-major-medicare-billing-problems-20160616>) on billing problems experienced by outpatient rehabilitation clinics across the state.

"We're not even getting half of what we got with Iowa Medicaid," said Jessica McHugh, owner of AbleKids Pediatric Therapy in Sioux City, referring to the many years when the state administered Medicaid.

"This is bringing us to our knees," said Dan Britt, an administrator at Northern Iowa Therapy, a Waverly-based agency that provides speech, occupational and physical therapy services. Two of the private companies were paying providers incorrectly or not reimbursing claims at all, he said.

The Des Moines Register has received numerous e-mails from providers, including mental health professionals, who are struggling to collect reimbursements under the new system. More and more of their time is spent focused on paperwork instead of health care.

So maybe Branstad's privatization mess will end up reducing spending in Medicaid. It is certainly less expensive to insure people when you don't pay for their care. And when reimbursement problems cause providers to close or stop treating Medicaid patients, the savings will really start kicking in. Of course, this also devastates vulnerable lowans and the state's health care system.

lowans did not support Branstad's push to privatize Medicaid, according to a March Des Moines Register/Mediacom Iowa Poll (</story/news/politics/2016/03/08/iowa-poll-majority-prefer-state-run-medicare/81453678/>). The governor dismissed public opposition, disregarded concerns raised by essentially everyone, ignored problems in other states and moved forward with his plan. Now his constituents are paying the price.

The state-managed Medicaid he insisted on abandoning has never looked so appealing. Government is not beholden to stockholders. It is not seeking to turn a profit. It has low administrative costs. The system operated by this state for decades was accountable, familiar and reliable. It also reimbursed providers what it had agreed to pay them for services — and it did so quickly.

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