

Efforts to control Medicaid expenses an uphill battle

By DAVID EGNER

ALBANY, N.Y. (AP) — New York state, with the highest Medicaid expenses in the nation, is battling rising costs in the health care program for the poor — and drawing conflicting criticism.

Counties, which are expected to spend \$1.2 billion this year to fund their share of Medicaid in New York, contend the state isn't doing enough to hold down the program's costs.

Doctors and hospitals, operating under state-ordered fee limits designed to keep a lid on Medicaid expenses, contend the state sometimes goes too far in its zeal to save dollars.

With costs estimated at \$6.6 billion in the current state fiscal year, New York's Medicaid pro-

gram is the most expensive in the nation in terms of overall and per capita costs. New York's program accounts for about 20 percent of Medicaid spending in the United States, while the state has 7.6 percent of the nation's population.

Half of Medicaid costs are paid by the federal government, with the state and counties splitting the rest.

"New York has the most mis-managed and inefficient Medicaid system in the country," said Lee Simonson, a Republican member of the Niagara County Legislature who is on the Medicaid task force of the New York Association of Counties.

"There's a lack of concern over how the health care dollar

Medicaid

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is spent, no one in state government in either political party has taken any serious look at this," Simonson said.

But state Assemblyman James Tallon, D-Binghamton, chairman of the Assembly Health Committee, said Simonson's criticism "is totally off-target."

The state Legislature has approved many programs to hold down the costs of Medicaid and, to help counties, has begun a gradual state takeover of a portion of the county share of Medicaid costs for nursing home and long-term home care, Tallon said.

Under the takeover program, the county share of nursing home and long-term home care costs dropped from 25 percent last year to 14 percent this year, and will fall to 12 percent in 1985 and 10 percent in 1986, Tallon said. The counties continue to pay 25 percent of other Medicaid expenses.

The takeover will save counties about \$439 million this year, \$589 million in 1985 and \$773 million in 1986, according to state estimates.

But county representatives want the state to shoulder even more of Medicaid costs.

In Erie County, Medicaid is partly responsible for the \$75.7 million deficit the county accumulated in 1983 and 1984, said Arthur O'Neil, assistant executive director of the New York Association of Counties.

"Medicaid is a great burden on local governments and the property tax base," O'Neil said.

In some counties, the cost of Medicaid and other welfare programs accounts for as much as 65 percent of the county budget, and in many counties it accounts for at least 50 percent, state and county officials said.

But while local government officials moan about paying for the medical care, physicians and hospital administrators would like to see government be more generous.

"The patient may be indigent, but the government isn't," said Dr. Milton Rosenberg, executive vice president of the Medical Society of the state of New York.

"Medicaid was designed to give poor people the same type of medical care as other people,"

Rosenberg said. "But if fee limits for doctors (imposed by the state) are kept artificially low, doctors will opt out of the program and the patients will suffer."

"Medicaid has been a disaster and here in New York state they've just begun to realize it," Rosenberg said. "We believe that the marketplace should be the determinant of professional fees. No one else operates under price controls, so why should physicians?"

George Allen, president of the Hospital Association of New York state, said "oppressive regulations" by government agencies add to costs of Medicaid and other health programs by pushing up hospital operating expenses.

"There are 160 state, federal and local agencies regulating hospitals," Allen said. "Surely, that could be cut below 100. These agencies give hospitals the goal of satisfying regulatory requirements — not taking care of patients."

But officials in the state Health Department and the state Social Services Department contend that regulations are needed to restrain the growth of spending in the 18-year-old Medicaid program.

Officials don't know how much the cost control programs will save in future Medicaid bills.

Health Department spokesman Peter Slocum said the state is trying to hold down Medicaid cost increases by:

- Allowing hospitals to collect a fixed fee for each day of care they give a Medicaid patient, regardless of what the patient is hospitalized for. The reimbursement method is designed to encourage hospitals to keep costs as low as possible.

- Limiting the construction of additional hospital space and restricting the purchase of expensive equipment by hospitals that would raise health care costs.

Social Services Deputy Commissioner Robert Osborne said Medicaid legislation signed into law in August by Gov. Mario Cuomo will help limit future increases in the program by:

- Paying doctors \$3 to \$5 a month for each Medicaid recipient they voluntarily take on as their regular patient. If a Medicaid patient can turn to a family doctor for care he will make

fewer trips to hospital emergency rooms, where the cost of care is much higher than at a doctor's office. In addition, a family doctor can give patients a second opinion on surgery recommended by specialists, sometimes advising against an operation.

● Making it easier for people to qualify for Medicaid assistance at home to pay for health care and housekeeping services. Funding such care at home is cheaper than paying for nursing home care.

● Promoting the use of prepaid health care systems for Medicaid patients to discourage unnecessary hospitalizations and

medical procedures.

In addition, Osborne said his department may step up its fight against fraud and abuse in the Medicaid system by coming out with a plastic magnetically coded eligibility card to be issued every three years. The card may also carry the picture of the Medicaid recipient.

Paper eligibility cards are now mailed to Medicaid recipients each month.

"Some of these cards are stolen in the mail box or sold by the person getting the card, who knows he'll get another one in a month," Osborne said.

The stolen or sold cards are often used to illegally obtain

drugs, according to state offi-

The state also has a 340-person Medicaid Fraud Control Unit, headed by Special Prosecutor Edward Kuriansky, that has collected \$24 million in fines and repayments in the past 10 years from health-care providers charged with bilking the system.

The special prosecutor's office also has civil lawsuits pending that seek to recover another \$18 million to \$20 million, said spokeswoman Sonya Hoover.

"New York has the largest fraud control unit in the nation," Ms. Hoover said. "We feel that we have a tremendous deterrent effect."

(Second of two articles)