Insurers Couldn’t Cope With Medicaid Cuts

Proposed reductions are not viable because ‘there is no private sector alternative . . . for the poor.’

BY LISE STEVENS  Contributing Writer

NEW YORK — As Congress contemplates cuts to Medicaid, legislators are placing in peril the overarching goals of the program in covering low-income, disabled, and older Americans in favor of expeditious budget cuts, James R. Tal- lon Jr., president of the United Hospi-
tal Fund of New York, said at a meeting sponsored by the New York Academy of Medi-
cine.

“Congress has moved to address Medicaid in terms of budget reconciliation, in terms of $10 bil-
lion in federal savings over 5 years,” Mr. Tallon said. “Here’s the question: Is it right to take this step toward repealing a major building block of the 20th century domestic policy to pass a budget resolu-
tion? Is it right to change fundamentally America’s largest health care program un-
der expedited reconciliation of proce-
dures? Congress seems headed in that di-
rection.”

According to the Department of Health and Human Ser-
vices, Medicaid covers 41 million Americans; that number has grown steadily in recent years.

The number of uninsured Amer-
can children is projected to grow to 16 million by 2013. National health spending contin-
ues to soar as well, from $1.7 trillion in 2003 to a projected $4.3 trillion in 2013, Mr. Tallon said.

“There is no doubt we’re going to hear a lot of personal responsibility rhetoric,” Mr. TALLON

“So I appreciate your point, and it’s a very good one,” she said. “And that’s something I will definitely look into.”

Security concerns are currently keeping CMS from developing a directory of all NPI numbers for all health providers and covered entities, but one may be developed in the fu-
ture, Ms. Brandt told PPAC mem-
bers.

“We may get to a point where we have a directory, but right at the mo-
moment, we don’t have a [list] like the unique physician identification num-
ber directory in the works,” she said.

Instead, the agency is planning to publish in the Federal Register in Oc-
tober a notice on how NPIs can be ob-
tained from other health care providers and covered entities.

PPAC members encouraged Ms. Brandt to look into a directory for re-
ferring physicians, even if such a direc-
tory turned out to be a subscriber ser-
vie. “I would strongly advocate that you [develop a directory] even if there is a subscription fee because one of the more problematic things when you bill for a consult is to try to track down Dr. Jones’ [UPIN], and it’s a sig-
nificant hurdle and a big burden on the practice,” said surgeon Anthony Senagore, M.D., of the Cleveland Clini-
c Foundation.

Ms. Brandt noted that an encrypted or password-accessed system would be necessary, given that “people have been able to get access to [the UPIN di-
rector] who shouldn’t have been able to get access to it.” Council members’ recommend a subscription fee or encryption is “a good one,” she said.

Please, Can We Have a Directory?

PPAC member Barbara McAney, M.D., an oncologist from Albuquerque, sug-
uggested the review as part of a draft rec-
ommendation approved by the council. The recommendation suggests CMS clar-
fy which current provider numbers would be replaced by the NPI number and which entities would need their own numbers. Dr. McAney also suggested CMS’ “put pressure” on other groups, including state license boards, “to eliminate some of the numbers and not to just add them on and add them on and add them on . . .”

NPI enrollment began May 2 and con-
tinues through May 2007, when all providers will be required to use the sys-
tem for standard electronic health care transactions. With national standards and identifiers in place for electronic claims and other transactions, health care providers will be able to submit transac-
tions to any health plan in the United States,” CMS Administrator Mark Mc-
Clellan, M.D., said in a May letter to health care providers.

As a requirement of the Health Insurance Portabili-
ty and Accountability Act, many health plans—including Medicare, Medicaid, pri-

date health insurance ins-
urers, and health care clearinghouses—must use NPIs in standard transac-
tions by May 2007. Small health plans have an addi-
tional year to comply. The number is intended to re-
place current numbers, in-
cluding the unique physician identification number (UPIN).

Ms. Brandt told the advisory council that CMS is conducting a “massive out-
reach effort” to inform providers of the change and encourages them to apply for an NPI. Applications can be made elec-
tronically or through the mail. To demon-
strate the process of getting an NPI, PPAC Chairman Ronald Castellanos, M.D., got his number at the council’s meeting, in a process that took approximately 8 minutes.

“I am not bleeding,” Dr. Castellanos said when asked how painful the process was. CMS is encouraging health plans to de-
vide a transition plan for a system that ac-
cepts both the UPIN and NPI until the May 2007 compliance deadline. Ms. Bryant said that although a few health plans al-
ready have systems developed, most do not—including Medicare, which she said

more? . . . for the poor.’

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