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# New York Stops Forcing the Poor Into Managed Care

By ESTHER B. FEIN

New York City officials said yesterday that they were abandoning their drive to force Medicaid recipients into cost-saving managed health care plans, after the Clinton Administration ordered the city to slow down and scale back the effort.

Donna E. Shalala, Secretary of Health and Human Services, said yesterday that New York City could not expand its plan to make managed care mandatory for most Medicaid recipients unless it agreed to certain stringent conditions.

City and state officials called the Administration's terms onerous and overly bureaucratic, and expressed outrage at what they saw as a roadblock to their efforts to trim Medicaid costs. But they said they would press on to expand the Medicaid managed care program through a voluntary enrollment plan already in place.

New York officials say they hope the managed care approach, which cuts costs but also limits a patient's choice of doctors and hospitals, will slow the growing costs of Medicaid, the health care program for the poor that is jointly financed by Federal and local governments. But Federal officials say the rush to put more poor patients into managed care has left some with inadequate treatment. In other cases, the officials say, patients have been deceived or pressured into joining plans that do not meet their needs.

Yesterday, New York officials criticized what they described as the double-dealing of the Health Care Financing Administration, the Health and Human Services agency that oversees the Medicaid program. They said they were particularly distressed by demands that the city change the timetable for expanding its mandatory managed care program, which is operating on a pilot basis in southwest Brooklyn. They said Federal officials had approved the schedule in telephone conversations two weeks ago.

"We had verbal assurances for our time line," said Dr. Barbara Ann DeBuono, Commissioner of the State Health Department, which submitted an application on the city's behalf for the waiver necessary to institute the changes. "This reversal disturbs us. I expected H.C.F.A. to play fairly with New York City

and New York State and we feel they have not."

Maria K. Mitchell, senior health adviser to Mayor Rudolph W. Giuliani and chief architect of the city's managed care program, said the new terms set forth by the Clinton Administration would divert energy from providing high-quality care.

"It would be irresponsible of us to continue down that road of bureaucratic paperwork," she said.

The dispute between New York and Washington comes as the Clinton Administration considers dozens of requests from cities and states that want to curb runaway Medicaid costs by requiring the poor to join managed care programs.

Managed care saves governments money because they pay health companies a fixed annual fee for each client who enrolls. The companies, in turn, seek to hold down their costs by controlling access to specialists and, in theory, by emphasizing preventive care.

Traditionally, Medicaid recipients go to doctors they choose, who accept set payments for each service they provide. But because many doctors are unwilling to accept these low payments, poor people often end up getting the bulk of their treatment -- urgent or not -- through expensive emergency-room visits, which drives up Medicaid's costs.

Eighty-three programs have been approved or implemented around the country making managed care compulsory for Medicaid recipients. But the Clinton Administration has slowed its response to new requests to start such programs.

One reason for the uncertainty is that the House and Senate appear to be moving toward approving a new system of distributing Medicaid money, under which the states would receive grants fixing costs for the program. The states would be allowed to decide with little regulation how to distribute the money.

President Clinton has threatened to veto such legislation.

Officials at Health and Human Services said they had not heard formally from New York that it was rejecting the Administration's terms for expanding managed care in the city. But they defended the terms, saying they were necessary to assure that the city provided proper access and quality to Medicaid beneficiaries enrolled in such plans.

Among other conditions set forth by the Federal Government were these: Exemptions for certain groups of patients, such as those with AIDS and H.I.V., must be spelled out, and people choosing among managed care plans must be assured of one-on-one guidance.

Dr. Helen L. Smits, deputy administrator of the Health Care Financing Administration, said: "The issue is, can people get care? Do they understand their choices? Is the care of good quality? That's why we

asked for these terms and these phase-ins."

New York City's efforts to expand Medicaid managed care have faced a series of setbacks this year, as the system seemed to buckle under the heavy load of new patients.

This summer, the state suspended enrollment at four of the city's fastest-growing health maintenance organizations because of concerns that the feverish pace was overtaking their ability to treat patients in a safe and timely manner, let alone answer phone calls and make appointments.

An independent report commissioned by the State Health Department and released around the same time found that the quality of care varied greatly among managed care plans licensed by the state, with some exceeding guidelines and others falling alarmingly short.

There were also many complaints about recruiters for various managed-care programs using fraudulent or overaggressive sales tactics to frighten people into signing up.

In response, the city and state stopped the managed care programs from directly signing up patients in New York City, where two-thirds of the state's Medicaid recipients live. A new signup system has been adopted, in which independent enrollment brokers advise clients about the options available to them.

As a result of these efforts to temper the breakneck speed of Medicaid managed care expansion in the city, voluntary enrollment in the program has slowed considerably. There were 32,371 enrollees in the city in May, and about 2,000 in September.

But city and state officials say they believe that as the problems are dealt with, those numbers will increase. They predict that they will be able to enroll more Medicaid recipients into managed care plans voluntarily than if they had to follow the terms offered by the Federal Government for expansion of a mandatory enrollment program.

New York officials will continue working on a separate request to start a far more ambitious program to make managed care mandatory for Medicaid recipients across the state. New York City's request dealt only with people covered under the Aid to Families With Dependent Children welfare program -- mostly single mothers and their children. But the state's includes, among others, single adults receiving welfare under the Home Relief program, and some disabled people.

New York began its foray into managed care for the poor in 1991, when the State Legislature passed a law allowing Medicaid recipients to enroll in such plans voluntarily. That program has been enormously successful, with about 680,000 Medicaid recipients out of 2.8 million in the state choosing on their own to sign up. State officials estimate that by May 1996, 1.1 million Medicaid recipients will be in managed care plans.

The state law, however, will expire at the end of June, and there promises to be a hard-fought legislative

battle over terms for extending it.

Advocates for Medicaid recipients criticized the city's decision to reject the Federal Government's recommendations.

"It's outrageous for the city to reject the advice and counsel of the country's pre-eminent public health experts on this crucial matter," said Michael Kink, a senior staff attorney for Housing Works, an advocacy group for people with AIDS and H.I.V. "H.C.F.A.'s input was friendly and constructive. All they asked for was proof that the city's program would work."

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