

Bureaucracy Choking in Attempts at Control

By WILLIAM SHERMAN

Medicaid has become an unmanageable monster in New York City, consuming billions of tax dollars while failing to keep its promise of an effective system of responsible health care for the poor.

Its \$1.3 billion annual budget will increase at the rate of 10% a year, according to city officials. Moreover, the cost has been bloated with the billing abuses of many doctors and other providers who operate on a fee for service basis that is loosely audited and relies on the practitioner's honor.

The governmental bureaucracy of Medicaid, with five layers of administration on the federal, state and local levels, is strangling itself in efforts to keep the system under control.

And what has happened to freedom of choice, that lauded ideal that guarantees the patient's right to choose his own doctor under federal Medicaid regulations?

THE NEWS Medicaid probe showed that freedom of choice does not exist in New York City for the simple reason that most doctors refuse to accept

Medicaid patients. Four per cent of the 23,000 physicians licensed to practice here earn 80% of the payments to doctors.

"Doctors simply do not want to practice in the black or Puerto Rican neighborhoods where those eligible for Medicaid live," said Rep. Herman Badillo (D-Bronx).

Seymour Budoff, the director of the city's medi-

An Analysis

MEDICAID PROBE



icaid program commented, "The doctor is the man with freedom of choice, the right to accept or reject a patient and not the welfare client."

The patient, THE NEWS investigation revealed, is often left to his neighborhood Medicaid con-

glomerate, multi-service centers of physicians, dentists, pharmacies, podiatrists, chiropractors and other practitioners.

There, more often than not, he is passed from one specialist to another without regard to his specific complaint.

In some centers, patients are rammed through examining rooms at the rate of one every three minutes and sit through unnecessary and expensive tests paid for by the city.

In the end, the patients, who receive low quality care, and the taxpayers are the victims of the system.

The alternative, according to Budoff, is for the patient to wait until he becomes sick enough to be admitted to a hospital, or to travel to a city-run clinic where the Medicaid cost to the municipality is six to 12 times higher than the cost of an individual doctor's care.

Between 1970 and 1971, Medicaid payments to hospitals and other institutions nearly doubled, from \$528,411,072 to \$958,798,087 and this occurred the year after physicians' fees were cut by 20% by the Legislature and eligibility requirements were

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Medicrats Choking In Tries at Control

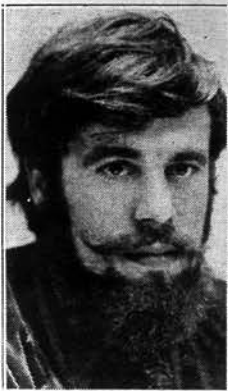
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tightened. The total medicaid cost here nearly doubled during that same time period to \$1,120,558,385.

Meanwhile, the state and city departments of health and social services war with each other for administrative control of the program. One lengthy battle fought by the city was the effort to include less expensive generic drugs in the medicaid pharmaceutical formulary. The state has complete jurisdiction in administrative matters.

Some Potential Savings

The addition of generics to the formulary will save the city about 20% of the medicaid funds spent last year on drugs, but it took nearly four years for the State Department of Health to "okay the move," according to city officials. The delay was partially caused by a strong lobbying



Dr. Stephen Rosenberg, deputy executive medical director of medical assistance program.

effort against the move by pharmaceutical concerns.

The NEWS investigation also showed how doctors and other professionals are almost entirely immune from criminal prosecution for abuses of the medicaid program.

Last year, through the efforts of the Manhattan district attorney's office a grand jury handed up a presentment charging that \$1 billion had been stolen or wasted in the medicaid program by providers of care since 1966. The voluminous document cited more than 30 cases of abuse, but although the grand jury sat for more than two years, only three indictments were handed up.

Hit With 241 Counts

In one case, a dentist pleaded guilty to fraud. In the case discussed by THE NEWS, medicaid dentist Frederick Fisher, charged with 241 counts of grand larceny and forgery, has managed to avoid trial for the last two years.

He has obtained more than 20 adjournments of his case and has remained in the medicaid program and has billed the city for more than \$70,000 since his arrest on the charges. During 1967 and 1968 Fisher billed the city for \$800,000.

How can the medicaid monster be tamed? One solution was advanced by the city and state departments of health last week when they announced 25% to 50% medicaid rate increases for all physicians' office visits.

The increases were ordered to encourage more practitioners to participate in the program, according to city and state officials, with the hope of attracting higher quality practitioners.

However, the medicaid rate for a first visit to a general practitioner's office visit was raised only to \$7.80, and one state official said, "While this fee may be competitive with private rates in Lawrence County, it is still

only half as much as the private fees charged by doctors in Manhattan." Some city officials feel the rate increases will only fatten the wallets of those already participating in the program.

Provisions of the Measure

Rep. Edward I. Koch, (D-L-Manhattan), has offered an alternative that would do away entirely with fees for patient services by doctors and other professionals. Last Thursday, he announced plans to introduce federal legislation that would permit New York City to set up a network of neighborhood health centers funded by medicaid that purportedly would cut annual medical assistance costs here by 20% or \$250 million.

Doctors and other professionals working at the health centers would be paid a flat salary for their services, according to Koch, thereby ending billing abuses and over-utilization of the program.

The Koch legislation would amend Title 19 of the federal Social Security Act to permit states and localities throughout the nation to determine how and where medicaid patients will be treated.

Meanwhile, officials of the Human Resources Administration and Dr. Tibor Fodor, executive medical director of the program, and his deputy, Dr. Steven Rosenberg, have outlined measures now being taken to control medicaid abuse. They include the following:

- A computer-printed profile to show exactly what services every doctor has dispensed and to detect overutilization of X-rays, prescriptions for addictive drugs, etc.

- Increased on-site audits of medicaid centers by Health Department physicians to flag ping-ponging—shuffling patients from one service to another for unnecessary tests—and poor quality care given to patients.

A Computerized Profile

- A computerized patient profile, to be ready by this summer, that will state what treatment every patient received. All patients will receive notification of what services were paid for, and all will be asked to report services that were not rendered.

Dr. Rosenberg, along with Health Department attorney Stuart Laurence, and department pharmacy chief Eli Gerelik, made the following suggestions for further controls over provider practices:

- A code of regulations for group medicaid practices prohibiting the rental of space to a physician in return for a percentage of medicaid billing paid to center owners. This would help discourage entrepreneurs from pushing through a high volume of patients.

Suspension is Proposed

- Certification of group practices in medicaid where violation of city regulations, including ping-ponging, would result in the immediate suspension of the facility from the program.

- Competitive bidding by laboratories for contracts to process medicaid patients' blood tests and other examinations. This would eliminate kickbacks now paid to centers by labs for the exclusive rights to test processing.