

## **Last HMO exits Medicaid in Colo.; 65,000 affected**

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Colorado's last private Medicaid HMO will drop out of that program next month, putting nearly 150 employees out of work and leaving about 65,000 poor and disabled Coloradans scrambling for health care.

Don Hall, chief executive of Colorado Access, said that a pending 15 percent cut in what the state reimburses for care - on top of years of losing money providing Medicaid coverage - forced the company to end its contract with the state.

"We just did not have a choice," Hall said. "With the potential 15 percent rate decrease, there just is not the money for us to stay in Medi caid."

Last year, Colorado Access said it lost \$7.4 million on Medicaid in 2004.

The state Department of Health Care Policy and Financing, which administers Medicaid, is working on a transition plan, said department spokeswoman Ginny Brown.

State statutes dictate a formula - based on past expenditures - for calculating Medicaid reimbursements, Brown said. So the department has no choice but to cut the reimbursement rate to Colorado Access, she said.

Brown said state officials hope there won't be an interruption of care for patients.

Hall said that what appears to be a reduction in Medicaid spending over the 18 months used for the new rate calculations may actually reflect problems with the notorious new Medicaid computer system.

Colorado Access is a private, nonprofit health plan that, for more than a decade, has served the health needs of people who otherwise wouldn't receive care. The HMO provided a network of doctors and other health care practitioners for its clients - much like other HMOs.

Colorado began offering HMOs to Medicaid participants in 1995 to control costs. The state's Medicaid budget more than tripled from 1990 to 2004.

But by 2004, four Medicaid HMOs had sued, saying the state underpaid them. The state paid millions to settle, and the HMOs left the Medicaid program.

Most of the 446,000 Coloradans on Medicaid participate in what is called a fee-for-service program, in which they find their own doctors and treatment, and the state pays for care.

But as fewer providers accept Medicaid patients, more of the sickest have opted for Colorado

Access, Hall said.

Under Colorado's Medicaid laws, managed-care insurers get paid 95 percent of the rate doctors, clinics and direct-care providers get for taking care of Medicaid patients.

"If we're getting 95 percent of what state pays (other providers) and we take the sickest people, obviously it's not going to work," Hall said.

Medicaid is a federal-state partnership to provide health care for the needy. In Colorado, those eligible are families with children, the elderly and disabled.

Colorado Access will continue covering elderly clients enrolled in Medicare, the Child Health Plan Plus and the behavioral health portion of Medicaid - three areas that have subsidized Colorado Access's Medicaid segment for years, Hall said.

Colorado workers and companies have, in turn, been subsidizing the state for years, because reimbursements for Medicaid are not adequate to cover the cost of care, said health care industry analyst Jim Hertel.

"Those losses are being subsidized by University Hospital, the Children's Hospital and others, so they are being passed back to the insurance and employer community," Hertel said. "So indirectly, consumers have been subsidizing the state."

Hall said he notified the company's 250 employees Tuesday that 140 of them will be out of a job by October.

Brown said she could not say whether lawmakers would revisit rules dictating reimbursements.