



There Is an Urgent Need For Smarter Medicaid Spending

By Mario J. Paredes

MEDICAID HAS A BAD REPUTATION among fiscal hawks. That reputation is largely deserved as the program is fraud-prone, often wasteful, and by and large fails to provide adequate, let alone high-quality, health care to the poor.

Writing in *The Wall Street Journal*, Brian Blase, who served as special assistant to President Trump at the National Economic Council and is president of the Paragon Health Institute, weighed in on the plan of the Democrats to roll out a massive Medicaid expansion beginning in 2025. It is part of the Democrats' overall \$3.5 trillion spending bill. This Medicaid spending in part would help cover basically healthy adults without children.

Noting that the new program would force states that have signed on to Medicaid expansion to pay 10 percent of the cost, Blase argues that this outlay would lead to higher state taxes or cutbacks in vital spending in education or infrastructure.

Blase cites a host of knocks on Medicaid. These include low Medicaid rates of payments to providers, which are about half of what private insurance pays doctors for primary-care services, for example. This discrepancy is a disincentive for doctors to accept new Medicaid patients. A 2019 government study has shown that only 70 percent of doctors accept new Medicaid patients, compared to 90 percent of doctors that take on new patients with private insurance.

Blase argues that Medicaid expansion triggers a greater demand for health care but fails to increase the number of doctors and nurses to accommodate new patients. Thus, Medicaid expansion "has led to a surge in unnecessary emergency-room use, delays in care from longer appointment wait times, and longer waits for ambulances." A California study found that between 2012 and 2016 visits to the emergency room grew by 75 percent.

Yet another study, out of Oregon, found that new Medicaid enrollees "didn't experience a statistically significant improvement on any measure of health assessed." Blase cites Massachusetts Institute of Technology economist Amy Finkelstein as saying that 60 percent of the cost to expand Medicaid coverage to new recipients "ends up paying for care that the nominally uninsured already receive, courtesy of taxpayer dollars and hospital resources."

Research by Ms. Finkelstein and colleagues even found that Medicaid patients "value the program at only between 20 percent to 40 percent on the dollar. Blase infers that, with "a per enrollee Medicaid expansion cost of about \$7,000, at least half of enrollees would prefer \$2,800 in cash to \$7,000 of government spending through Medicaid on their behalf."

WE CARE • NOS IMPORTAS • 關懷我們

2910 EXTERIOR STREET, 1ST FLOOR • BRONX, NY 10463 • SOMOSNYHEALTH.ORG • 1 833 SOMOSNY (1.833.766.6769)



Up against this woeful picture of Medicaid stands the remarkable success of a unique group of New York City Medicaid providers. SOMOS Community Care is a network of 2,500 physicians—most of them primary care providers—caring for some one million of New York City’s poorest Medicaid recipients, the bulk of them Hispanic Americans, Asian Americans and African Americans.

Founded in 2014, SOMOS was one of 25 so-called Performing Provider Systems operating under the mandate of the Distribution System Reform Incentive Payment (DSRIP) program (2014-2020). DSRIP was driven at its core by the Value-Based Payment (VBP) system. Simply put, VBP means that providers are compensated based on the longer-term health outcomes of their patients—the healthier the patient, the greater fee paid to the doctor.

To optimize results, SOMOS doctors do their utmost to really get to know their patients, becoming aware of all their physical, mental and even social needs. The latter fall under the rubric of the Social Determinants of Health—poor housing, unemployment, lack of access to healthy food, etc.—which have a still poorly understood but significant impact on a person’s overall well-being. To fully understand patients’ circumstances, SOMOS doctors rely on Community Health Workers, who visit patients’ homes, and remind patients of medical appointments.

SOMOS physicians also benefit from a cultural affinity with the people under their care; in many cases, they live and work in the same neighborhood as their patients, with whom, in many cases, they also share an ethnic background. Patients feel known by their doctors and a genuine bond between physician and patient is established, with the doctor assuming the role of the family doctor of old, a trusted figure and community leader, who advocates on their behalf, for example, through rallying Community-Based Organizations to meet patients’ social and economic needs.

SOMOS, a pioneer in Value-Based Payment, has demonstrated that smart Medicaid spending—in contrast with traditional Medicaid and its many failings—benefits all constituents: patients, who receive excellent care; doctors, who are rewarded for going the extra mile; and taxpayers who benefit because healthier patients, and chronic conditions kept in check, translate into fewer visits to the ER and fewer hospital stays.

For example, SOMOS, by cutting back by more than 25 percent on unnecessary visits to the ER and unnecessary hospital stays, saved New York State taxpayers more than \$300M. The Value-Based Payment model, once more widely adopted at state and federal level, would surely attract more providers with the promise of higher compensation.

Medicaid reform hinges on smart spending—spending that will please fiscal hawks as well as advocates for the most vulnerable members of society alike.

Mario J. Paredes is CEO of SOMOS Community Care, a network of 2,500 independent physicians—most of them primary care providers—serving close to a million of New York City’s most vulnerable Medicaid patients.

WE CARE • NOS IMPORTAS • 關懷我們

2910 EXTERIOR STREET, 1ST FLOOR • BRONX, NY 10463 • SOMOSNYHEALTH.ORG • 1 833 SOMOSNY (1.833.766.6769)