

Kaiser Daily Health Policy Report

State Watch | Utah Hospitals Significantly Affected by Medicaid Reimbursement Cuts

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Hospital officials in Utah say that recent cuts to Medicaid reimbursement rates were much steeper than anticipated and that they might be forced to offset costs by increasing fees on insured patients or scaling back on charity care, the [Salt Lake Tribune](#) reports. Hospitals are facing a nearly 25% cut in Medicaid reimbursement beginning July 1.

Joseph Krella, president of the [Utah Hospitals and Health Systems Association](#), said hospitals failed to factor in the effects of using a temporary funding stream to offset cuts in 2009. In addition, a technical change in the payments to hospitals for "nonphysician services," such as nursing care or physical therapy, unexpectedly affected hospitals. According to the *Tribune*, the state might "turn to an increase in the tobacco tax or a tax on hospital stays to cover the gap, which comes as the faltering economy has caused a spike of 5,700 enrollees in the Medicaid program and a rise in expenses from uninsured patients." Lawmakers also could use the \$8.9 million Medicaid restricted fund for a short-term solution.

In a worst-case scenario, hospitals could refuse to treat Medicaid beneficiaries, according to Lincoln Nehring, Medicaid policy director for the [Utah Health Policy Project](#) (Gehrke, *Salt Lake Tribune*, 5/1).