

State's Medi-Cal program is being hit hard

Elizabeth Fernandez, Chronicle Staff Writer

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California's Medi-Cal program, which funds health care for 6.6 million low-income people, is being hit with a double whammy.

Starting next week, Medi-Cal payments will cease for about 4,700 hospitals, clinics, adult day care centers, convalescent homes and other institutions until the state's budget deadlock ends.

And last month, a 10 percent fee cut took effect for the large network of doctors, pharmacists, dentists and other health care professionals who serve Medi-Cal patients around the state. The cut is expected to save \$610 million a year for Medi-Cal, the state's second largest program covered by the general fund.

The state, which is facing a \$17.2 billion deficit and has been operating without a budget since July 1, is being sued by the California Hospital Association and other organizations over the rate cuts. Historically, Medi-Cal rates have been low - the program spends less per enrollee than any other state Medicaid program, and reimbursements to providers are among the lowest in the nation. It's been about eight years since the last rate increase.

Some doctors, optometrists, pharmacists and others say they will no longer take new Medi-Cal patients, and many are halting care altogether for people on the program.

Almost 800,000 people receive Medi-Cal in San Francisco, Alameda, Contra Costa, Marin, San Mateo and Santa Clara counties. Here are the faces of some of them - patients and providers - and how they are being affected by the program's fiscal woes.

Mickey lim

Age: 44

City: San Francisco



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Occupation: Pharmacist

Three weeks ago, Mickey Lim made the hardest decision of his professional life: He stopped accepting new Medi-Cal patients because he can no longer afford to, and he will no longer stock some of the costly medications that his current Medi-Cal patients need.

Lim manages the Los Portales Pharmacy, an independent pharmacy in San Francisco's Mission District - Medi-Cal represents 27 percent of his business. His special focus as a pharmacist is on patients with HIV - 85 percent of his clients have the virus that causes AIDS.

With the state's 10 percent rate reduction, Lim says he is losing \$40 to \$80 for every HIV prescription.

"I don't sell ice cream or shampoo," he says. "I don't have the deep pockets of Walgreens. If I lose money on every prescription, I can't pay the rent or salaries or liability insurance or toner for the printer."

Lim says when he began his pharmaceutical career 15 years ago, a gross margin of 27 percent was standard. Now, he says, he operates on a margin of 7 1/2 percent.

"If Medi-Cal takes 10 percent, it puts me in the red," he says. "Ten percent is my whole profit and then some."

In recent weeks, Lim arranged for existing patients to get a three-month supply of medications.

"For most of my boys, I'm hoping the dust will settle," he says. "I'm holding off on deciding whether I can keep them. If these cuts are not reversed, it may come to pass that I'm not going to be able to take Medi-Cal. This is my practice. It is what I care about. And this situation is tearing me up."

- Elizabeth Fernandez

Truly lo

Age: 10

City: Saratoga

For four years, the sweet-faced little girl with soft, brown hair has been in a coma. She suffered a horrific brain injury at the hands of her abusive stepmother, who is now serving a 16-year sentence in a Central Valley prison. Doctors never expected Truly Lo to survive a single day after the injury.

But she surprised them. After three months, she was discharged. Her father, Thomas, had refused to have her removed from life support, and he and Truly's elderly grandfather and her aunt cared for her at home along with her younger sister and brother. But Truly's medical needs are so great, the family members could not indefinitely continue as her caregivers.

In January, Truly moved from the family's Sacramento home to an intensive-care center for children - the Sub-Acute Saratoga Children's Hospital. For her father, it was a wrenching decision, but the right one.

"I think it is best for her to be here," says Thomas Lo, 44, who now lives in Cupertino and works as an engineer for a Silicon Valley firm. His first wife, Truly's mother, had a diagnosis of cancer just after giving birth. Thomas cared for her until her death, when Truly was 2.

"It is such a blessing for Truly to be here," he says. "The care here is so skillful. I feel guilt, I feel like I owe the government so much."

He fears that state Medi-Cal cuts could jeopardize his daughter's care as well as that of the other patients living at the center - all 36 children are on Medi-Cal. These medically fragile children, who have spinal cord injuries or genetic disorders or were born prematurely, were stable enough to leave a regular hospital. But they depend on technology such as ventilators or respirators, and many can't be cared for at home. Offering a less expensive alternative to pediatric intensive care, the center saves an estimated \$26 million in annual care costs for government funding. Still, it barely breaks even, and the chief executive, Mike Zarcone, who opened it in 1987, is deeply worried about Medi-Cal cuts.

"We're on borrowed time now," he says. "We can't spread out our losses. Our revenue source is strictly Medi-Cal. If we had to close, my biggest fear is what will happen to the kids?"

Last month, Truly had a tracheotomy to stabilize her breathing. She lies in her bed with a long tube snaking from her throat. Resting in her right arm is a little pink doll. And propped on her left shoulder is a blue bear with white wings.

"I can't be with her all the time," says her father, stroking her hair. "So the angel looks after her."

- Elizabeth Fernandez

Yuri malboeuf

Age: 37

City: Concord

Occupation: Disabled

Four months ago, when her husband of 12 years died unexpectedly, Yuri Malboeuf thought things couldn't get worse.

Then they did.

Three weeks later, a bank foreclosed on her home of seven years. She and her two young children, who both had autism, would have been homeless, but a neighbor in their close-knit community offered to rent them a house across the street.

"It was the worst moment of my life," says Malboeuf, looking at the framed portrait of her husband on the wall. He died April 9 of heart failure - he was 38. "Autistic children don't deal well with change. Losing their dad was so hard; then they lost their home."

The neighbors pitched in and helped Malboeuf move. On Father's Day, she and her children planted a small tree in the front yard.

Michael Malboeuf was not only a devoted father who volunteered as a soccer coach for children with special needs, he was the family breadwinner whose job - most recently he worked as the head of security at a local refinery - provided health insurance for his children, Melody, 9, and Michael, 7, as well as for Yuri, who is disabled because of a severe case of Crohn's disease.

In May, the family for the first time went on Medi-Cal. Now Malboeuf, who was born and raised in Berkeley, wonders whether her children will be able to get the medical care they need. Michael is supposed to start on a special drug cocktail this fall. He also has to wear overnight diapers, but she says, "I'm told Medi-Cal won't cover them." She needs bimonthly infusions but says Medi-Cal doesn't cover the treatment.

"I'm going to be on a fixed income for the rest of my life," she says. "If the co-pays go up just on my medication alone, it will seriously impact me. We've always had insurance. Now suddenly I'm dealing with Medi-Cal, and I'm scared to death.

"My purpose in life hasn't changed. I was put here to raise autistic children, and that's what I'm going to keep on doing. Somehow things do work out, and thank God for that."

- Elizabeth Fernandez

How to help

A trust has been established for the Malboeuf children. For more information, call Walnut Creek attorney Steve Dale at (925) 280-0172. To donate: The Malboeuf Family Special Needs Trust, Account #5455-9971, Charles Schwab, P.O. Box 52114, Phoenix, AZ 85072-2114

Merry montgomery

Age: 59

City: Oakland

Occupation: Disabled; previously worked as an executive administrator

Every month the juggling begins anew.

Merry Montgomery is on 13 prescriptions - she takes between 17 and 23 pills a day - but the state's Medi-Cal program covers her for only six a month.

"I try to stagger my prescriptions so they aren't all up for refills at the same time," says Montgomery, who had her breast cancer diagnosed in 2003. She had a mastectomy and subsequently developed chronic conditions resulting from her treatment.

"There's a lot of balancing and managing you have to do," she says. "If I run out of two or three medications at a time, I'm stuck."

For much of her career, Montgomery worked as an executive administrator. She was laid off in 2001, paid for costly COBRA coverage as long as she could. Then cancer struck, and she went on Medi-Cal. She gets most of her medical care at Highland Hospital.

"If something new goes wrong that requires medication and you've already filled your six for the month, then it's a big problem," she says. "Sometimes the doctor or pharmacist can get approval for a waiver, but you have to wait. Just last week, I had to go to the ER - they prescribed Vicodin and Motrin. I ended up having to wait five days to get the medicine. It wasn't easy."

- Elizabeth Fernandez

Budd shenkin

Age: 66

City: Oakland

Occupation: Pediatrician

When Dr. Budd Shenkin launched a solo practice in Oakland in 1979, his first patient was a young woman on Medi-Cal and her child. Shenkin was so thrilled to have an actual patient that he threw his arms around them.

"She must have thought I was nuts," he says. "I was really excited - somebody actually came to see me as a doctor."

After building his practice over the years, Shenkin is now president of Bayside Medical Group, a network of nine small primary care offices in

the East Bay with 140 employees. Every year, Bayside treats more than 5,000 Medi-Cal patients, amounting to about 20 percent of the practice.

Now, says Shenkin, he's on a brink: If the state makes any further cuts to the Medi-Cal program, he'll discontinue that portion of his practice.

"We just can't afford it," says Shenkin, who served for years with the U.S. Public Health Service and for a time was head of the nation's migrant health program. "I'll accept barely breaking even, but I can't accept a loss. Statewide, you are seeing fewer and fewer doctors accepting Medi-Cal. There are whole areas that aren't being served."

Shenkin says that he has a sense of social mission, but his medical group's profit margin is "really slim."

"This is really painful to me," he says. "I don't want to say goodbye to my patients, but I think that in the not too distant future we won't have a Medi-Cal practice. It is unbelievably awful and such a shame. We are trying to hold on, but it is like a slowly closing vise."

- Elizabeth Fernandez

David vasquez

Age: 52

City: San Francisco

Occupation: Hearing aid specialist

There is always a limit - and this summer David Vasquez finally hit it.

For 30 years, he's been providing hearing aids to poor, hard-of-hearing people, many of them children.

Now, he says, he may have to stop providing care to people on Medi-Cal.

"The reimbursement is already so bad," says Vasquez, who in 1978 took over the Mission District office opened by his father a decade earlier. "We are all independent businesspeople, yet the state has such little value for us. They aren't telling me to see 10 percent fewer people, they are saying we'll pay you 10 percent less after not having had a rate increase in eight years.

"Some of my colleagues still take Medi-Cal, but they have just a few patients a month. For them, a 10 percent cut is an irritant. For me, the bulk of my clientele is Medi-Cal. People like me, we're the true believers, we're in it to take care of the community. But it's gotten to a point

where even the true believers are saying 'enough.' "

He says Medi-Cal reimbursement is about half the amount that he would receive from a privately paid medical plan.

Typically, Medi-Cal reimburses \$150.80 to repair a hearing aid, Vasquez says. With a 10 percent cut, the reimbursement would be \$135.72. He says his actual costs are about \$195.

Now he says, he's ready to throw up his hands.

"I feel like I've been doing my part, but the state isn't. The bottom line is if I quit, and if other people like me quit, who will take care of the people?"

- Elizabeth Fernandez

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/02/MN3C122SUP.DTL>

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