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## **CMS Backs California on Medi-Cal Cuts**

In an announcement Thursday October 27, 2011, the Centers for Medicare and Medicaid (CMS) declared its support of California's proposal to reduce Medi-Cal rates by 10%. California first attempted to impose the Medi-Cal cuts in 2008 under Governor Arnold Schwarzenegger. The State's attempt, however, was challenged in court by providers and Medi-Cal beneficiaries, and the litigation has made its way the US Supreme Court. In a parallel effort, Governor Jerry Brown proposed similar cuts in June of 2011, and this was the proposal CMS approved on Thursday.

The proposed cuts include a 10% reduction to payments for outpatient services for doctors, clinics, optometrists, dental services, medical equipment and pharmacy. While CMS's endorsement of the cuts removes one barrier to the State's efforts, implementation of the cuts will likely hinge on the Supreme Court's ruling on whether individuals have the right to sue states for alleged failure to follow federal law. The Supreme Court's decision is expected in early 2012.

CMS has yet to issue a ruling on other parts of Governor Brown's Medi-Cal proposal, including the State's request to add co-pays for Medi-Cal recipients and limit the number of times Medi-Cal beneficiaries can see a doctor. Under the proposal, Medi-Cal patients would be charged co-pays of \$5 for doctor's appointments, \$50 for emergency room visits, and \$100 a day for hospital stays.

If you have questions about the proposed Medi-Cal rate cuts, please contact Jay Packer, Director of Contracting, Compliance and Legal Services at 562.809.3521 / [jpacker@marinabilling.com](mailto:jpacker@marinabilling.com).