

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

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ACTION REFERRAL

TO <i>Grise</i>	DATE <i>4-19-11</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <b>101475</b>		<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____	
2. DATE SIGNED BY DIRECTOR		<input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____	
cc: Mr. Feck <i>Cleared 5/13/11, letter attached.</i>		<input type="checkbox"/> FOIA DATE DUE _____	
		<input checked="" type="checkbox"/> Necessary Action	

APPROVALS (Only when prepared for director's signature)	APPROVE		
1. <i>Val Welton</i>	<i>5-12-11</i>	Since log is necessary action use more not recorded should I get val to drop a response - sit for 10-15 min or more than 10 min longer	
3. <i>BB</i>			
4.			

Log 475 copy of  
Response to TL





May 13, 2011

Aaron Toler, MD  
Carolina OB/GYN  
1886 Skylyn Drive, Suite 101  
Spartanburg, South Carolina 29307

Dear Dr. Toler:

Thank you for the letter regarding the state of the South Carolina's health care system and the Medicaid financial crisis. We greatly appreciate receiving a physician's perspective about these issues.

The South Carolina Department of Health and Human Services (SCDHHS) is currently working closely with stakeholders to gain insight to opportunities that we can implement in partnership to help take costs out of the system yet maintain an effective and efficient level of care for our recipients.

We appreciate your bringing these concerns to our attention, and for your continued participation in the South Carolina Medicaid program. If you have any additional questions please feel free to contact Ms. Valeria Williams, Division Director for Physician Services, at (803) 898-2660.

Sincerely,

Melanie "Bz" Giese, RN  
Deputy Director

MG/ws

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APPROVALS <small>(Only when prepared for director's signature)</small>	APPROVE	* DISAPPROVE <small>(Note reason for disapproval and return to preparer.)</small>	COMMENT
1.			
2.			
3.			
4.			

CAROLINA OB/GYN  
OBSTETRICS AND GYNECOLOGY



LARRY B. WHITE, M.D.  
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Department of Health & Human Services  
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April 15, 2011

Dear Mr. Keck,

Congratulations on your recent appointment as the director of DHHS. The physicians of South Carolina look forward to working with you.

My name is Aaron Toler. My wife and I have been practicing Obstetrics and Gynecology in Spartanburg, South Carolina for twelve years. I am writing this letter out of my deep concern for the current state of the South Carolina's Health Care System. I think it's clear that Medicaid's current path is unsustainable. There are many complex issues that have contributed to the Medicaid financial crisis. Physicians, the State, and patients all share in the blame. I am not politically active but would like to inject some common sense observations from the front line of healthcare.

1) Medicaid Eligibility: The current Medicaid eligibility criteria are poorly followed. Every day I see established patients in our practice who are employed with insurance and maternity benefits. When these patients get pregnant they quickly show up with a Medicaid card. These patients are told at the Medicaid office that "if you drop your insurance, you will qualify for Medicaid". Others are told to wait to get married to keep their Medicaid active. With marriage rates at an all time low most pregnant women will qualify for assistance even if they live with the father of the baby who is gainfully employed. Keeping the eligibility criteria low for Medicaid seemed counter-intuitive until I learned about the 3 to 1 federal matching dollars. In light of our current budgetary shortfall, cutting Medicaid reimbursements while many patients abuse the system, penalizes physicians and not those potentially committing Medicaid fraud. Was the intent of Medicaid to cover working patients with insurance? Without appropriate screening and accountability, people will continue to take advantage of Medicaid.

2) Free Medical Care and Over-Utilization: Traditionally physicians viewed Medicaid as a shared responsibility to care for the underserved population at the poverty level. This is done at a significant price reduction from insured rates and at a significant cost to the bottom line of a medical practice. Medicaid has now become an entitlement out of control. On a daily basis, I see patients on Medicaid. They view it as "insurance" and there perception is that it's "all free". These patients have no co-pays,

no deductibles, ride the ambulance for free, and are typically over-utilizers of health care. They are frequently non-compliant and high risk, but are well aware of the available assistance programs and highly motivated to take advantage of them. In order to effectively manage the state's healthcare dollars, all patients should have some degree of financial liability for their healthcare; otherwise, over-utilization and uncontrolled costs will prevail.

3) Teen Pregnancy: South Carolina's teen pregnancy rates remain alarmingly high. These patients are generally high risk, significant utilizers of health care dollars, and are much more likely to have a premature infant requiring costly neonatal intensive care services. In the past decade we have seen a paradigm moral shift where there is no longer a stigma, consequence, or penalty for teenage parents. Pregnant teens almost always qualify for Medicaid, WIC, Aid to dependent families, receive Homebound Schooling, and can draw unemployment even if they are covered under their parents insurance and live a home. Sadly, we are seeing more young teen Mom's ages 13 to 15, but even more worrisome is the lack of parental concern over their teenage pregnant children. The hidden cost of unintended teenage pregnancy may be the next generation of children who will be raised by ill-equipped parents. I believe our current system does little to discourage unintended teen pregnancy and may actually financially incentivize it. I think there should be more financial burden for healthcare costs placed on the parents of pregnant teenagers in hopes of discouraging unintended teenage pregnancy.

4) Disability: There are many patients who are in need of disability and don't qualify; however, there are far more people who take advantage of the system. Current South Carolina disability rates are 22%. Too often I see young, healthy patients disabled on Medicare and or Medicaid. I always ask patients why they are disabled on Medicare and the responses are enlightening. Patients are disabled for depression but on no medications. Patients previously debilitated from fibromyalgia, migraines, seizure disorders, chronic back pain...are now pain free, off medications, but still disabled on Medicare. Every physician will tell you that disability has become an "early retirement entitlement" that is widely abused. If we are going to control health care costs we must do a better job screening and re-screening for disability.

5) Liability: Our current malpractice system amounts to a lottery where any bad outcome is a potential cash settlement. There is no disincentive for a frivolous law suit. Malpractice premiums and overhead continues to rise while reimbursements fall. The cost of malpractice insurance for an OB/GYN under the South Carolina JUA/PCF was \$8000 a year in 1998 and is now \$60,000 a year. The average reimbursement for a Medicaid delivery is \$750. Every day, physicians practice under the real fear of being sued. This translates into defensive medicine and increase costs. How can physicians control costs when they will be held accountable in a court room for "not doing more thorough testing"? The Congressional Budget office estimated that malpractice reform would save the country 40 billion dollars a year. Meaningful healthcare reform cannot happen without significant malpractice reform.

6) Access: Physicians everywhere realize that the economy has effected all businesses including medicine. The margins in medicine have become extremely tight and we have been asked repeatedly to do more for patients for less. As costs rise and

reimbursements cuts continue many private practices are no longer profitable. Some physicians have run for cover in a hospital employed model. Other practices have chosen to limit or no longer accept Medicaid and Medicare, and some physicians have elected to close their practices, retire early, or pursue other opportunities. Sadly, I think we are near the tipping point where reimbursement cuts could make many practices insolvent and ultimately limit access to health care.

The problems of South Carolina Medicaid / Medicare are a microcosm of the problems for America. We have created an "entitlement society" devoid of personal responsibility that is not sustainable. I hope a physicians perspective is helpful. We appreciate your efforts in this fight and hope you will be successful.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Toler MD".

Aaron M. Toler, MD  
12 Woodburn Road  
Spartanburg, SC 29302  
[aktoler@bellsouth.net](mailto:aktoler@bellsouth.net)

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APR 19 2011

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

**MR. TONY KECK**  
**Department of Health and Human Services**  
**P.O. Box 8206**  
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