Expiring Medicaid Payment Policy Puts Care in Jeopardy for the Nation's Most Vulnerable

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The Medicaid program currently provides coverage for more than 62 million low-income Americans, including more than 20 million nonelderly adults. Primary care physicians and related subspecialists are not required to participate in the Medicaid program, and many practices traditionally have not been able to accept significant numbers of Medicaid patients because reimbursements do not keep pace with their costs of providing services. In all but a few states, Medicaid payment rates are much lower—as much as 60 percent less—than the amounts allowed by Medicare. This differential, studies show, is a major reason why Medicaid patients have trouble accessing physicians.

In 2010, the federal government enacted into law the Medicaid Pay Comparability program, which is designed to increase Medicaid payment for designated primary care services and immunizations to 100 percent of Medicare rates in years 2013 and 2014. This was done to reduce proven barriers to Medicaid enrollees gaining access to primary care and related services. Internal Medicine and pediatrics (and their medical subspecialties), and family medicine are the specialties that are eligible for this program.

Unless Congress intervenes, the Medicaid Pay Comparability program will expire at the end of this year, which puts access to primary care services in jeopardy for so many of this nation's most vulnerable citizens. It will be these low-income individuals who bear the brunt of harm if payment rates for Medicaid primary care services are allowed to fall back to 2012 levels. In some states, this could mean a cut of 60 cents on the dollar for primary care services, which is simply not sustainable if we are to meet the health care needs of the growing Medicaid population.

What is the impact of Medicaid payment rates on access to care/physician participation in Medicaid?

Medicaid in most states pays primary care physicians at rates that are well below Medicare (and private insurance). In 2012, before this provision of law took effect, average Medicaid payment rates for primary care services were 58 percent of Medicare rates. Studies show that low Medicaid payment levels in many states are associated with fewer physicians accepting large numbers of Medicaid patients into their practices, resulting in reduced access to persons covered under Medicaid.

- Decker SL. In 2011 Nearly One-Third of Physicians Said They Would Not Accept New Medicaid Patients, But Raising Fees May Help. *Health Aff.* 2012;31(8);1673-1679. Accessed at http://content.healthaffairs.org/content/31/8/1673.abstract
- Shen and Zuckerman: The Effect of Medicaid Payment Generosity on Access and Use among Beneficiaries. http://onlinelibrary.wiley.com/doi/10.1111/j.1475-6773.2005.00382.x/abstract

In April 2014, ACP conducted a survey of a representative sample of its members who spend the majority of their professional time engaged in direct patient care. It found that 46 percent of the respondents indicated they had enrolled in the Medicaid Pay Comparability program via their State Medicaid program and would accept fewer Medicaid patients in 2015 (40 percent) or drop out of Medicaid entirely in 2015 (6 percent) if the Medicaid Pay Comparability program were allowed to expire on December 31, 2014.

How does the Medicaid Pay Comparability program work, practically speaking?

This program applies to all evaluation and management services (i.e. office visits, hospital visits, and consultations) and vaccine administration services furnished by primary care physicians (i.e., general internists, pediatricians, and family physicians). It also provides for higher payment for subspecialists related to those specialty categories as recognized by the American Board of Medical Specialties, American Osteopathic Association and the American Board of Physician

Specialties. Physicians qualifying for this enhanced payment by meeting the above qualifications must formally "attest" that they provide primary care services and meet one of the required specialty designations through a procedure defined by the Medicaid Director of their state. Physicians who are in those designated specialties, but not board certified (are Board eligible), can also qualify if at least 60 percent of the codes billed by the physician for all of CY 2012 are for the evaluation and management and vaccine administration codes specified in the regulation.

The rules required that states amend their Medicaid plans to include this program and then submit those amendments for approval to the Centers for Medicare and Medicaid Services (CMS). Many states did not turn in these plan changes for federal approval, even though they were due by the end of March 2013. The extension of current Medicaid rates beyond 2014 is particularly important because of the program's slow start up—with many states only now beginning to pay at the higher Medicare rates—combined with a lack of assurance that it will be extended beyond 2014 has not allowed an adequate enough time to demonstrate the program's effectiveness in improving access.

How would extending this program help ensure Medicaid enrollees' access to primary care, vaccinations, and other needed medical services in each state?

This program will help vulnerable patients obtain access to primary care in states that are expanding Medicaid, as well as states that are maintaining their current eligibility rules:

- Beginning this year, states have federal support to expand their Medicaid programs to include all adults living at up to 138 percent of the federal poverty level. In 2012, the United States Supreme Court upheld the Medicaid expansion provision but found that the penalty to states for not participating in the Medicaid expansion (loss of the federal government funding for the existing Medicaid program) was unconstitutionally coercive, making Medicaid expansion a voluntary option for the states.
- If implemented by states as now expected by the Congressional Budget Office after the Supreme Court ruling, Medicaid expansion is projected to add more than 10 million individuals to the Medicaid population. In states where the expansion was in effect in February, enrollment increased by 8.3 percent as noted in a recent New York Times article: (http://www.nytimes.com/2014/04/05/us/politics/health-law-helps-increase-medicaid-rolls-by-3-million.html?_r=2). States that have declined (at least so far) to expand Medicaid also are experiencing a substantial increase in the number of persons enrolled in Medicaid. The most recent data suggests that as of February, Medicaid enrollment has increased an average of 1.6 percent in states that have not expanded the program. In some non-expansion states, Medicaid enrollment also is experiencing much bigger increases than the average: Florida, for instance, saw an 8.2 percent Medicaid enrollment increase as of February.
- If Congress does not extend the current program, which is paid entirely by the federal government, primary care physicians and other related medical specialists in almost all of these states will likely experience huge Medicaid payment cuts on January 1, 2015— endangering patient access to primary care and other related services and vaccines, at the same time as the population enrolled in Medicaid is surging in both the expansion and non-expansion states. States would then be put in positions of allowing the cut to go into effect, or picking up the cost.

Extending these current Medicaid rates at least through 2016 would demonstrate that it is effective in improving access to physician services. In addition, the United States is facing a shortage of more than 45,000 primary care physicians by 2020, growing to a shortage of more than 65,000 primary care physicians by 2025, according to AAMC. The Medicaid Pay Comparability program, combined with other payment reforms, can help bolster the number of students choosing careers in primary care. Studies show that primary care is associated with better outcomes and lower costs.

Organizations that support an extension of this program include ACP, the American Academy of Family Physicians, the American Osteopathic Associate, and the American Pediatric Association. ACP also supports extending the program to primary care services for ob-gyn physicians if they meet the same billing criteria as non-board certified physicians in the other eligible specialties.

What are ACP members asking Congress to do?

- ✓ Prevent an across-the-board Medicaid primary care cut on January 1, 2015 by extending the current-law Medicaid Pay Comparability program through at least 2016.