

May 20-21, 2015

Medicaid Primary Care Pay Parity

Congress should help improve access to primary care for patients enrolled in Medicaid by restoring Medicaid Primary Care Pay Parity.

Senators should co-sponsor the Ensuring Access to Primary Care for Women & Children Act (S. 737), and House members co-sponsor the companion legislation (H.R. 2253), and then expedite action by both chambers to pass the legislation. This bill ensures Medicaid payments for primary care and immunization services are reimbursed at no less than what Medicare pays for the same services.

What's it all about?

Medicaid, the health insurance program for low-income individuals, is funded jointly by the federal government and individual states. Medicaid covers 70 million people and continues to grow; in fact, it is the largest single source of coverage in the country. Unfortunately, having Medicaid coverage does not guarantee access to a physician and many low-income, vulnerable patients have difficulty finding a doctor. Historically, Medicaid has paid well below private insurance plans and Medicare, particularly for primary care services. In 2012, the average Medicaid primary care payment was 59 percent of Medicare's fee. Low reimbursement is one of the top reasons physicians cite for not participating in Medicaid and many physicians are financially unable to serve Medicaid patients.

To encourage more physicians to participate in Medicaid and ensure that patients have access to vital primary care services, Congress passed the Medicaid primary care pay parity program. This initiative increased payment rates for certain primary care services like vaccines and management of chronic diseases to the level of Medicare for fee-for-service and managed care Medicaid programs. Internal medicine, pediatric, and family medicine physicians were made eligible for the parity payment. In some states this had amounted to a significant reduction in the disparity between Medicaid and Medicare payments. For example, prior to implementation of the Medicaid pay parity program, the payment for primary care services in Texas was 61 percent of Medicare rates; pay parity resulted in an increase of *39 cents on the dollar* for primary care services. However, the program was temporary, starting in January 2013 and ending on December 31, 2014.

[Read](#) about what Medicaid pays in each state for primary care services compared to Medicare.

What's the current status?

The pay parity program expired on December 31, 2014. Because the program was not extended, primary care physicians experience an average cut of 42 cents on the dollar for providing primary care services such as office visits for the treatment of chronic diseases like high blood pressure and diabetes to Medicaid patients.

Why should the 114th Congress address it?

Ensuring that patients enrolled in Medicaid have access to a primary care physician is essential, not only for their own health, but also, the fiscal health of Medicaid. Hundreds of studies show that patient access to a primary care physician is positively associated with better outcomes and lower costs of care. Without access to a primary care physician, patients enrolled in Medicaid will be more likely to get care in emergency rooms, will be more at

risk of preventable hospitalizations and re-admissions, more likely to get unnecessary and duplicative tests, and less likely to get needed follow-up care.

Medicaid enrollment is increasing rapidly, regardless of whether a state has opted to accept federal funding to expand Medicaid eligibility or not. Medicaid enrollment increased by more than 1.6 million from July-September 2013 to February 2015 in states that have not expanded eligibility, and the Congressional Budget Office estimates that 10 million people will enroll in Medicaid in 2015, including those newly-eligible as a result of eligibility expansion in 30 states and the District of Columbia. If Congress fails to take action to ensure that Medicaid's primary care payments are no less than the applicable Medicare rates, patients will have more difficulty finding a participating physician and scheduling appointments, as physicians have no choice but to limit participation or leave the Medicaid program altogether due to financial constraints. An April 2014 ACP member survey found that of the respondents who indicated they had enrolled in the pay parity program via their State Medicaid program, 46 percent would accept fewer Medicaid patients in 2015 (40 percent) or drop out of Medicaid entirely in 2015 (6 percent) if the program was allowed to expire.

Early evidence shows that the primary care pay parity program was having its intended impact. A [study](#) released in January 2015 found that appointment availability for Medicaid-participating primary care clinicians increased by 7.7 percent during the period that pay parity was in effect, demonstrating that higher reimbursements are related to improved access for Medicaid patients. If Pay Parity is not renewed, these gains in patient access may be reversed and patients will have more difficulty getting the care they need. Recognizing the importance of Medicaid pay parity, some states, like Alabama, have chosen to continue to fund the Medicaid pay parity on their own, but without federal funding, the vast majority of the states have let the program lapse.

In 2015, the Ensuring Access to Primary Care for Women and Children Act was introduced in both the House and the Senate. This legislation seeks to reinstate the Medicaid pay parity provision for another two years after enactment. It also adds obstetrics and gynecology as an eligible specialty.

- Read ACP's letter of support for [S. 737](#) and [H.R. 2253](#)
- [Learn more](#) about why primary care is essential to improving health care quality and reducing costs.
- [Learn more](#) about the Medicaid pay parity program and how it affects patients and physicians.

What's ACP's view?

ACP strongly supports the Ensuring Access to Primary Care for Women and Children Act, which will reauthorize the Medicaid primary care pay parity program for another two years. Now that the program was allowed to sunset as of the first of the year, it is essential that Congress act expeditiously to pass legislation to ensure that Medicaid payments for designated services by primary care physicians are reimbursed at no less than what Medicare pays for the same services. We urge Senators to co-sponsor S. 737, and House members to co-sponsor H.R. 2253, followed by expedited action in both chambers to pass the bill.

- [Learn more](#) about ACP's views on the Pay Parity extension.

Who can I contact to learn more?

advocacy@acponline.org