

November 22, 2013

The Honorable Max Baucus  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, DC 20515

The Honorable Orrin G. Hatch  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Henry A. Waxman  
Ranking Member  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, DC 20515

Dear Chairmen Baucus and Upton, and Ranking Members Hatch and Waxman:

As organizations representing the majority of the nation's physicians, we write to express our strong support for (1) extending for at least two more years the Medicaid primary care payment increase, which has only recently been implemented in a majority of states, and (2) including physicians practicing obstetrics and gynecology as qualified specialties, subject to the current eligibility requirement that at least 60 percent of their Medicaid billings are the primary care services as defined by the authorizing legislation, for the purposes of qualifying for the Medicaid primary care increases.

Federal financing for the states to increase Medicaid payment rates for designated "primary care" services by eligible specialties, to no less than the comparable Medicare rates, is set to expire at the end of 2014. Allowing this program to expire would further burden the already challenged Medicaid system. Patients will face obstacles to connecting with a patient-centered medical home and will be forced to rely on episodic, acute care services provided in other settings, foregoing the more cost-effective coordinated and preventive care services that primary care physicians provide. Policies aimed at improving access to physicians in the Medicaid program are strongly supported by our organizations because we understand that investments such as these lead to better quality of care for patients and decreased costs for state governments.

The policy of increasing Medicaid payment rates to no less than the comparable Medicare payments is based on well-established research that shows that low Medicaid payment levels in many states is associated with fewer physicians accepting large number 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;jsessionid=ED0FE8AEA1FA49E1FFACEAB44EFC0F5C.f03t02>

We expect that extending the policy of ensuring Medicaid payments for eligible physician services at least through 2016 would demonstrate that it is effective in improving access to physician services, both for persons enrolled in the existing Medicaid program and persons who may become newly eligible for Medicaid in states that choose to accept the federal dollars to expand Medicaid. The extension is particularly important because its 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.

Over the past few years, our nation has taken significant steps towards improving access to health care for the uninsured and underinsured. A principal part of this effort has been the investment in primary care as the foundation of our nation's health care system. Expanding access to physicians, especially primary care physicians, is a priority for federal and state governments, as well as commercial insurance plans. In addition, we believe that inclusion of physicians practicing obstetrics and gynecology in the extension is integral to achieving the intended purpose of the Medicaid primary care payment increase. For many women, an ob-gyn is the only physician they see regularly during their reproductive years and the only point of entry into the health care system. As of 2010, Medicaid programs in 30 states and the District of Columbia recognized ob-gyns as primary care providers in their managed care organizations. With nearly half of births in the United States now financed by Medicaid, inclusion of ob-gyns will improve the continuity of care, particularly for those women who were previously on Medicaid for pregnancy-related services. We also note that private and public health care systems similarly are making this investment in primary care as a means of improving access to health care for patients and as a means of improving the overall quality and efficiency of care provided.

Our members are dedicated to working individually and collectively to ensure that all patients, including low-income working families who depend on Medicaid, have access to needed primary care services. However, many physicians do not participate in the Medicaid program due to poor payment rates that, historically, are well below the actual costs of providing care. This results in reduced access to care for the most vulnerable patients and higher costs to federal and state governments.

Although a principal goal of this Medicaid policy is to improve access to primary care, the policy also increases payments to many subspecialists in internal medicine and pediatrics, with the purpose of increasing participation and access to their services.

A key to achieving our joint goals of ensuring increased access and improved quality is ensuring that Medicaid and Medicare payment policies are aligned with the access and quality goals established by public and private health care systems. The Medicaid payment increase is an important policy that attempts to better align payment rates with cost of care for primary care physicians, thus increasing access to primary care physicians for millions of Medicaid patients.

We urge you to extend the Medicaid primary care payment increase as well as inclusion of physicians practicing obstetrics and gynecology.

Sincerely,

American Academy of Family Physicians  
American Academy of Pediatrics  
American College of Physicians  
American Congress of Obstetricians and Gynecologists  
American Osteopathic Association