

**Why Congress Must Save the Medicaid Primary Care Pay Parity Program:  
Unless Congress Acts, Program to Ensure Access to Life-Saving Primary Care Will Expire  
A Report from the American College of Physicians**

*What is the Medicaid Primary Care Pay Parity program?*

The Medicaid Primary Care Pay Parity program (Pay Parity) was established by law to make it possible for more primary care physicians to treat Medicaid enrollees, by paying them no less than what Medicare pays. Primary care physicians in the specialties of family medicine, pediatrics, and internal medicine and related internal medicine and pediatric subspecialists are eligible to participate. Unless Congress votes to extend this critical program, it will expire at the end of this year. Fortunately, by enacting the *Ensuring Access to Primary Care for Women & Children Act, S. 2694*, Congress can ensure that this program is continued, and access is protected for patients enrolled in Medicaid in every state across the country.

*Why is Pay Parity necessary?*

More than 65 million Americans are enrolled in Medicaid and the program continues to grow. From September 2013 to April 2014, average Medicaid enrollment increased by 10.3%.<sup>i</sup> As Medicaid enrollment increases, it is imperative that policymakers do what is necessary to ensure that our most vulnerable patients can receive the health care they need from the physicians they know and trust.

Unfortunately, having health insurance by itself doesn't mean one can access health care in a timely manner. The Medicaid program has long-struggled to attract participating physicians, making it difficult for low-income children, parents, qualifying adults, and elderly Medicaid enrollees to find a doctor. Well-established research has cited low Medicaid payment as a major reason physicians are reluctant to participate in the program.<sup>ii,iii</sup> Those that do treat Medicaid patients often incur a financial loss because

the reimbursement rates are well below the actual cost of providing care. Prior to the implementation of the Medicaid Pay Parity program, the average payment for primary care services was 59% of Medicare rates, and 33% of primary care physicians stated they did not currently accept new Medicaid patients.<sup>iv,v</sup> Further growth in Medicaid enrollment will exacerbate the need for primary care physicians. This program protects patient access by ensuring that physicians receive Medicare-level reimbursement rates for providing primary care services and vaccinations to patients enrolled in Medicaid.

*How will patient access be affected if Pay Parity is not extended?*

If Congress fails to take action to extend this vital program, physician participation will be undermined, and patients will face barriers in accessing primary care. 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% would accept fewer Medicaid patients in 2015 (40%) or drop out of Medicaid entirely in 2015 (6%) if the program were allowed to expire on December 31, 2014. If Pay Parity is not extended, the nation's primary care physicians will face an average pay cut of 41 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.

*Why do we need to encourage primary care physicians to participate in Medicaid?*

Over 100 studies show that patient access to primary care is positively associated with lower costs and better outcomes.<sup>vi</sup> It stands to reason, then, that the nation's health care costs will increase, and outcomes will be poorer, if the Medicaid Pay Parity program is discontinued. For instance, patients enrolled in Medicaid may seek care in an emergency room if they do not have a primary care physician. The American College of Physicians strongly supports a two-year extension of the Medicaid Primary Care Pay Parity program. If allowed to terminate, physicians will face major reimbursement cuts that may force them to reconsider the viability of participating in the Medicaid program. The Pay Parity provision is a step in the right direction toward ensuring that no Medicaid patient goes without crucial primary care services and vaccines.

*The American College of Physicians is the largest medical specialty organization and the second-largest physician group in the United States. ACP members include 141,000 internal medicine physicians*

(internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge and clinical expertise to the diagnosis, treatment, and compassionate care of adults across the spectrum from health to complex illness.

<sup>i</sup> “Medicaid & CHIP: April 2014 Monthly Applications, Eligibility Determinations, and Enrollment Reports”. Centers for Medicare & Medicaid Services. Department of Health & Human Services. June 2014. Accessed at: <http://www.medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/April-2014-Enrollment-Report.pdf>

<sup>ii</sup> 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>

<sup>iii</sup> Shen Y and Zuckerman S: The Effect of Medicaid Payment Generosity on Access and Use among Beneficiaries. *Health Services Research.* 40(3):723-744. Accessed at <http://onlinelibrary.wiley.com/doi/10.1111/j.1475-6773.2005.00382.x/abstract>

<sup>iv</sup> Zuckerman S and Goi D. How Much Will Medicaid Physician Fees for Primary Care Rise in 2013? Evidence from a 2012 Survey of Medicaid Physician Fees. Urban Institute and Kaier Commission on Medicaid and the Uninsured, December 2012. Accessed at <http://kff.org/medicaid/issue-brief/how-much-will-medicaid-physician-fees-for/>

<sup>v</sup> Decker SL. Two-Thirds of Primary Care Physicians Accepted New Medicaid Patients in 2011-12: A Baseline to Measure Future Acceptance Rates. *Health Affairs.* 2013;32(7):1183-1187. Accessed at <http://content.healthaffairs.org/content/32/7/1183.full.pdf+html>

<sup>vi</sup> American College of Physicians. How Is a Shortage of Primary Care Physicians Affecting the Quality and Cost of Medical Care?. Philadelphia: American College of Physicians; 2008: White Paper.