

## **Enhanced Medicaid Reimbursement Rates for Primary Care Services**

To prepare the primary care workforce for the influx of new Medicaid-eligible patients established through the Affordable Care Act (ACA), this provision increases payment rates for certain primary care services to at least the level of Medicare in 2013 and 2014. The provision, often referred to as the Medicaid Primary Care Pay Parity program was included because primary care physicians, including internal medicine subspecialists who provide primary care, will be particularly affected by the Medicaid expansion since millions of new patients will enter the health care system and many will have complex health care needs. Primary care physicians and subspecialists are not required to participate in Medicaid, and many practices do not accept Medicaid patients because reimbursement rates are relatively low and the administrative barriers are significant. Further, people who are currently eligible for Medicaid but not enrolled will likely enroll in Medicaid coverage to comply with the individual mandate included as part of the ACA, adding more beneficiaries to the program. Many of these new Medicaid patients will be adults who seek care from internists. These increased payment rates apply to all states; independent of the state's decision regarding participation in the Medicaid expansion opportunity provided through the ACA. A complete summary and analysis of this program is available at: [http://www.acponline.org/advocacy/where\\_we\\_stand/medicaid/medicaid\\_parity\\_physician\\_payment\\_chip\\_2012.pdf](http://www.acponline.org/advocacy/where_we_stand/medicaid/medicaid_parity_physician_payment_chip_2012.pdf).

### **Why is a payment increase necessary?**

In difficult economic times when the need for Medicaid is greatest, states are often forced to trim physician payment rates to maintain program solvency and/or balance state budgets. Physician reimbursement cuts may hinder patient access as the cost of providing care to patients exceeds the Medicaid pay rate, forcing doctors to limit the number of Medicaid patients they see. According to a survey conducted by The Physician's Foundation, declining reimbursement rates are the most "significant impediment to patient care delivery in today's practice environment by a large margin." Enhanced payment rates may induce more physicians to participate in Medicaid. According to a survey conducted by United Healthcare, half of primary care physicians would increase their Medicaid case load if Medicaid payment rates were increased to the level of Medicare pay rates.

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 Primary Care Pay Parity 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 program were allowed to expire on December 31, 2014.

### **How do primary care physicians benefit?**

To help promote primary care physician participation, the ACA increases Medicaid reimbursements for evaluation and management and immunization services to at least 100 percent of Medicare reimbursement in 2013 and 2014. The increase applies to both fee-for-service and managed care Medicaid plans. The positive financial impact for physicians treating Medicaid patients is significant as Medicaid in most states pays primary care physicians at rates that are well below Medicare (and private insurance). In 2012, average Medicaid payment rates for primary care services were 58 percent of Medicare rates. On average nationwide, Medicaid payment rates for the designated services to eligible physicians will increase by 73 percent.

### **What specific physician specialties qualify for this enhanced payment?**

This initiative provides for higher payment to physicians practicing a specialty designation of family medicine, general internal medicine or pediatric medicine. 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. A link to each state’s Medicaid website is available at: <http://medicaiddirectors.org/about/state-directors>. 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 E&M codes and vaccine administration codes specified in this regulation. The federal government released final guidance on this provision in November, 2012. Details of the final rule, along with ACP’s analysis of the rule can be found below.

### **How much does this cost?**

The federal government is fully funding the cost of the 2013-2014 increased payments to primary care physicians for evaluation and management and immunization services. Beyond the 2014 date, states are permitted to continue funding Medicaid primary care reimbursement rates at or above Medicare levels. Congress could reauthorize the program beyond 2014 but this would require new legislation and would increase the cost of the program. In CY 2013, the federal cost of this program for Medicaid and the Children’s Health Insurance Program (CHIP) is approximately \$5.835 billion with \$235 million in state savings. In CY 2014, the federal cost for Medicaid and CHIP is approximately \$6.055 billion with \$310 million in state savings.

### **Are there any recent updates on implementation of this provision of law?**

An informal review by the College in the summer 2014 indicated that this program has been implemented in all states, although there have been several states that did not begin the payments until late 2013/early 2014. Qualified physicians are receiving the enhanced payments retroactive to January 1, 2013 if their required attestation was received by the state Medicaid authority in a timely manner.

### **Will primary care physicians continue to be paid at the higher Medicare rates for eligible services after 2014?**

The ACA authorizes this program only through December 31, 2014. It would require that Congress enact legislation to extend the program beyond 2014 in order for the federal government to continue to finance the higher payment rates. If Congress does not extend the program, states would have the option of continuing to pay primary care physicians and internal medicine subspecialists for the eligible services at no less than the applicable Medicare rates, but it would be at the state’s own expense.

In July 2014, legislation was introduced by Sens. Brown (D-OH) and Murray (D-WA) that would ensure Medicaid payments for designated visits and immunizations provided by internists and other primary care specialties, and by internal medicine and pediatric subspecialists, be no less than the Medicare rates through 2016. That legislation is currently pending in Congress.

### **Additional Resources**

- *Statehealthfacts.org, Medicaid-to-Medicare Fee Index; Provides information on state Medicaid reimbursement in relation to Medicare payment.*

<http://statehealthfacts.org/comparetable.jsp?ind=196&cat=4>

- *Kaiser Commission on Medicaid and the Uninsured. How Much Will Medicaid Physician Fees for Primary Care Rise in 2013? Evidence from a 2012 Survey of Medicaid Physician Fees. Washington, DC: The Henry J. Kaiser Family Foundation; 2012.*

[www.kff.org/medicaid/upload/8398.pdf](http://www.kff.org/medicaid/upload/8398.pdf)

- *Final Rule on the “Medicaid Parity” provision, as released in the Federal Register on 11-6-2012.*

<https://www.federalregister.gov/articles/2012/11/06/2012-26507/rin-0938-aq63>

- *American College of Physicians analysis of the “Medicaid Parity” Final Rule, 11-7-2012.*

[http://www.acponline.org/advocacy/where\\_we\\_stand/medicaid/medicaid\\_parity\\_physician\\_payment\\_chip\\_2012.pdf](http://www.acponline.org/advocacy/where_we_stand/medicaid/medicaid_parity_physician_payment_chip_2012.pdf)

- *American College of Physicians: Key Indicators Regarding Payment Rates under Medicaid, 5-21-2014.*

[http://acpservices.org/leadday14/priority\\_issues/medicaid\\_chart.pdf](http://acpservices.org/leadday14/priority_issues/medicaid_chart.pdf)