The Medicaid Primary Care Pay Parity Program

Improving Access to Life-Saving, Evidence-Based Primary Care for Arkansas’s Most Vulnerable Patients

A Report from the Arkansas Chapter of 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 to encourage primary care physicians to treat Medicaid enrollees. 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 an extension is signed into law, the program expires at the end of this year.

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, Arkansas’s Medicaid enrollment increased by 21.9%. As Medicaid enrollment increases, it is imperative that policymakers do what is necessary to ensure that our most vulnerable patients—over 829,000 Arkansans enrolled in Medicaid—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. 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 payment for primary care services in Arkansas was 70% of Medicare rates, and 18.3% of our state’s primary care physicians stated they would not be accepting Medicaid patients in the coming year. 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 percent 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. If Pay Parity is not extended, Arkansas’s primary care physicians will face a pay cut of 30 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. It stands to reason, then, that health care costs in Arkansas 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. The Arkansas Chapter of the American College of Physicians represents 768 internal medicine physicians.

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vi 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.