



Why Congress Must Prevent Cuts to the Medicaid Program:

Unless Congress Acts, Program that Ensures Access to Integral Primary Care Services Will End

A Report from the Illinois Academy of Family Physicians

What Is the Medicaid Primary Care Parity Program?

Congress enacted the Medicaid Primary Care payment program in 2013 to increase the number of primary care physicians that see Medicaid patients. The program increases Medicaid payment levels for certain primary care services performed by primary care physicians, along with a select few subspecialists with internal medicine and pediatric subspecialties. Increased payment for primary care services has improved access to these services for many Medicaid patients.

What Is the Status of the Program Now?

Unless Congress votes during the lame duck session this fall to extend the program, it will expire on December 31, 2014. Fortunately, by enacting the *Ensuring Access to Primary Care for Women & Children Act* (S. 2694), Congress can ensure that the program continues for patients enrolled in Medicaid, in Illinois, and in every state across the country.

Why Is Primary Care Payment Necessary?

Medicaid covers more than 65 million Americans, and that number continues to grow as more people sign up for health insurance. From September 2013 to April 2014, Illinois's Medicaid enrollment increased by 8.5 percent.¹ As the number of Medicaid enrollees increases, it is vital that policymakers make sure that our most vulnerable patients – over 2.84 million in Illinois enrolled in Medicaid – can access the health care they need from primary care physicians.

Research has shown that having health insurance does not guarantee access to timely, appropriate healthcare.² This is particularly true of the Medicaid program, which has struggled to attract participating physicians because of low reimbursement rates.³ As a result, low-income children, the elderly, women, and other qualifying adults are having difficulties finding in-network primary care physicians. Prior to the implementation of the Medicaid primary care payment program, the payment for primary care services in Illinois was 62% of Medicare rates. Of AAFP's membership, 85% reported that they have the capacity to

¹ 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>

² 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>

³ 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>

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accept newly insured patients, while just under two thirds (63%) currently accept Medicaid patients. Of these, over three quarters (77%) have the capacity to accept new Medicaid patients.⁴ Further growth in the number of Medicaid beneficiaries as patients enroll through the health insurance marketplace's open enrollment process will further emphasize the need for primary care physicians. The bottom line is that this program protects, and increases access to primary care services by ensuring that physicians receive payments at least equal to Medicare rates for providing these essential services to Medicaid patients.

What Happens to Access If These Cuts to Medicaid Payments for Primary Care Go into Effect?

If Congress does not extend this vital program during the lame duck session, patients will face steeper barriers in accessing primary care, and physician participation in the Medicaid program will be undermined. An AAFP SpeakOut email sent at the beginning of Summer 2014 asked members how they would respond if the Medicaid primary care payment was not renewed. Most members replied that they would be forced to stop seeing new Medicaid patients, and likely have to limit, or cut the number of current Medicaid patients they already see. If these Medicaid payments for primary care are reduced to 2012 levels, Illinois's primary care physicians will face a pay cut of 38 percent for providing important primary care services.

Why Do We Need to Encourage Primary Care Physicians to Participate in Medicaid?

Many of studies show that patient access to primary care is correlated to lower cost of care and better patient health outcomes.⁵ Therefore, if the Medicaid primary care payments are cut on December 31, 2014, health care costs in Illinois will likely rise, and patient health outcomes will likely worsen. Data shows that patients dropped from primary care physician panels, or shut out of primary care offices will seek care in the emergency departments, leading to the higher costs and poorer outcomes traditionally associated with lack of access.

Conclusion

The American Academy of Family Physicians strongly opposes these pending cuts to Medicaid payments for primary care. If Congress does not act by the end of this year, physicians will face major reimbursement cuts (in some states, cuts will be over 20 times that of Medicare's SGR cuts) that will force them to reconsider maintaining Medicaid beneficiaries on their patient rolls. These Medicaid payment rates for primary care will help ensure that the sickest, and neediest populations in the country have access to the primary care physician who can provide efficient and high-quality health care.

⁴ AAFP Insight Exchange: *Impact of Medicaid Payment Changes*. American Academy of Family Physicians. July 2014.

⁵ 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 Kaiser Commission on Medicaid and the Uninsured, December 2012. Accessed at <http://kff.org/medicaid/issue-brief/how-much-will-medicare-physician-fees-for>