

May 14, 2015



The Honorable David Burke
Chairman
Senate Medicaid Committee
Senate Building
1 Capitol Square, Ground Floor
Columbus, OH 43215

Re: 2016-2017 Executive Budget Proposal/ HB64 – Medicaid Physician Reimbursement

Dear Chairman Burke:

As the President of the Academy of Medicine of Cleveland & Northern Ohio (AMCNO), an organization representing more than 5,000 physicians in the Northern Ohio region, I am writing to you to provide our comments on the physician reimbursement provisions of the Medicaid budget.

From September 2013 to April 2014, Ohio's Medicaid enrollment increased by 12.3%, and, according to a recent report from The Center for Community Solutions, Cuyahoga County had the highest percentage of newly eligible adults enrolled as a result of Medicaid expansion. As the number of Medicaid enrollees increases, it is vital that policymakers make sure that our most vulnerable patients – more than 2.6 million in Ohio who are enrolled in Medicaid – can access the health care they need from physicians.

The physician members of the AMCNO strongly supported the expansion of the Medicaid program in Ohio, and when the program became a reality, physicians across Northern Ohio stepped up to ensure that access to care was available to this newly eligible Medicaid population by signing onto the Medicaid program as participating physicians. Now it is critical to ensure that physicians receive adequate reimbursement from the Medicaid program for the healthcare services they provide to Medicaid enrollees.

Numerous studies have shown that health care delivery systems providing high-quality, coordinated care will achieve better patient outcomes and lower overall costs. During testimony to this committee, the Office of Medicaid Director John McCarthy presented Medicaid managed care data collected from January to June 2014. This data showed encouraging trends in terms of shifting the newly-enrolled Medicaid population from uncoordinated, higher-cost care to coordinated, lower-cost care. The data indicated that for the Medicaid expansion (Group 8) enrollees, there was a decrease in the inpatient per member per month (PMPM) cost percentage from 61% to 39%, while there was an increase in the medical/outpatient/pharmacy cost percentage from 39% to 60%. Such a shift in spending demonstrates a move from episodic care to coordinated care and it was encouraging to see that 65% of new enrollees received a preventive visit, the entry point for comprehensive medical care. Additionally, 60% of enrollees were ages 19-44, an age group where preventive care and chronic disease management can have the greatest impact on health outcomes. Chronic medical conditions such as asthma, chronic obstructive pulmonary disease (COPD), coronary artery disease, diabetes mellitus, and depression are prevalent in the Medicaid patient population. These are the very medical diagnoses that require consistent, longitudinal care to ensure healthier patients, leading more satisfying and productive lives.

The Voice of Physicians in Northern Ohio

However, maintaining Medicaid's positive momentum requires sufficient patient access to care. Through an Affordable Care Act provision, the Primary Care Rate Increase (PCRI) program paid eligible primary care providers 100% of Medicare rates for Medicaid patients in the years 2013 and 2014 – and studies have shown that this rate increase provided better access to care. As health care reform continues to present physician practices with numerous challenges in adapting to new regulatory requirements, value-based purchasing, and care coordination, physician practices often incur additional costs to succeed in this new environment. In this business model, practice sustainability requires adequate reimbursement for services rendered.

The Executive and House budget proposals reduce dual-eligible payments to physicians and decrease funding for physician training to pay for proposed primary care pay increases. The Executive Budget proposal channeled all of the funds obtained from these cuts into increasing primary care physician payments. The House version of the budget proposes to utilize a portion of these funds for primary care physician payments; and funnels the remainder of the funds elsewhere. Since many primary care physicians manage Medicare/Medicaid dual-eligible patients, under either proposed budget scenario they will essentially receive no meaningful increase in reimbursement. In addition, reducing the funding for physician training at a time when more patients are entering the medical system seems counterproductive.

As an organization representing physicians, we know that patient access to primary care is correlated to lower cost of care and better patient health outcomes. While any additional reimbursement is welcome, the AMCNO believes that if physicians do not receive adequate reimbursement for treating Medicaid patients, it is highly probable that physicians would leave the Medicaid program and patient access to care could be diminished. This will likely result in an increase in healthcare costs in Ohio and a reduction in patient health outcomes. In addition, if patients are shut out of primary care offices or dropped from physician panels, they will seek care in emergency departments, resulting in higher costs and lack of care coordination.

In conclusion, the Academy of Medicine of Cleveland & Northern Ohio asks this committee to eliminate the cuts that have been proposed in the budget for the Medicare/Medicaid dual-eligible patients, eliminate the proposed cuts to physician training, and consider enhancing the payment increase that has been proposed for primary care services to Medicare parity. We suggest using the new revenue from the Governor's proposed tobacco tax increases to fund the physician rate increase. Doing so will not only continue, but further extend Medicaid's promising trend toward providing higher quality care to all enrolled Ohioans. Healthier citizens will lead to lower healthcare costs, ensuring a sustainable Medicaid program for years to come.

Should you have any questions I may be reached through the AMCNO offices at 216-520-1000, ext. 100.

Sincerely,


Matthew E. Levy, MD
President

Cc: Members of the Senate Medicaid Committee