



**Statement of the
Ohio State Medical Association
to the Senate Finance Committee**

2016-2017 Executive Budget Proposal / HB 64 - Medicaid Physician Reimbursement

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June 10, 2015

Chair Oelslager, Vice-Chair Coley, Ranking Member Skindell, and members of the Senate Finance Committee: My name is Tim Maglione, and I am the Senior Director of Government Relations at the Ohio State Medical Association (OSMA). On behalf of our 20,000 physicians, residents, fellows, and medical students, I am here to talk about the physician reimbursement provisions of the Medicaid budget and to suggest ways in which you could improve upon the proposed budgetary changes.

The OSMA supports many parts of the Governor's Executive Budget Proposal, the House-passed version of the budget, and the new Senate substitute bill. Our organization supported Medicaid expansion as a crucial tool to increase access to healthcare for Ohioans who were either uninsured or otherwise unable to see a doctor for medical care. Now that expansion has been successfully implemented by the Kasich Administration, we appreciate the commitment made by the Governor, the House, and the Senate to continue providing coverage to low-income Ohioans. Further, we applaud Senate for making a commitment to increase tobacco taxes on cigarettes and other tobacco products.

Finally, we appreciate the budgetary efforts that have been made to increase Medicaid's reimbursement rates for primary care services. We do, however, think there are better ways to pay for increasing primary care rates within the Medicaid system. As you may know, the Executive and House budget proposals use rate cuts for physicians taking care of dual-eligible (Medicare/Medicaid) patients and a cut to funding for physician residency training (graduate medical education) to pay for the proposed primary care rate increases – from what we can tell, the Senate sub-bill keeps these cuts in place. While the Executive Budget proposal funneled all of the funds from these cuts into raising primary care rates, the House-passed version used only a portion of these physician cuts to raise primary care rates; the remainder of the funding was reallocated elsewhere in their version of the budget. At this point, we assume the Senate sub-bill keeps the House-passed allocations in place

We believe the proposals to cut reimbursement for physicians taking care of dual-eligible individuals will limit these patients' ability to access care. We know that Medicaid's current reimbursement rates for physicians are already very low and have forced doctors to limit the care they can deliver to patients with Medicaid benefits, so we think this is a time to maintain and raise Medicaid rates rather than cut them. We also believe the proposed cuts to physician training programs will exacerbate our state's existing shortage of physicians.

Therefore, we recommend eliminating the proposed cuts to reimbursement rates for dual-eligible patients, and we recommend eliminating the proposed cuts to physician training.

Moreover, we urge you to maintain the Executive Budget proposal's investment in primary care services for traditional Medicaid patients. We recommend using new revenue from the additional tobacco tax increases to fund the physician rate increase. To that end, we suggest increasing the per-pack tax by a full dollar (rather than the forty cents per pack tax increase as proposed in the Sub-bill) and raising the tax rate on other tobacco products and e-cigarettes to be equal with the tax on cigarettes. Since 51 percent of Medicaid enrollees use tobacco, and since the Medicaid program already spends \$1.72 billion to treat sick smokers each year, the tobacco tax revenue would be well-spent to improve primary care and prevention efforts within the Medicaid system. Investing in this type of care could produce great future savings for the state.

Thank you for the opportunity to testify today, I would be happy to answer any questions you may have.