MEDCHI, THE MARYLAND STATE MEDICAL SOCIETY
HOUSE OF DELEGATES

Medical Policy Council Report 1-17

INTRODUCED BY: Medical Policy Council

SUBJECT: Medicaid Expansion

As the fate of Medicaid expansion is debated in Washington, and Medicaid physician rates are considered in Annapolis the policy council wishes to update the House on Medicaid expansion and rate policy.

Background on Medicaid Expansion

Expanding Medicaid eligibility to most individuals with incomes up to 138 percent of the federal poverty level (FPL) was a key element of the strategy to expand health insurance coverage under the ACA and made the biggest impact by accounting for 63 percent of coverage gains in 2014. Thirty-two states and DC have expanded their Medicaid programs. Medicaid expansion resulted in an estimated 11 million newly enrolled beneficiaries in 2015. The program currently covers approximately 73 million beneficiaries nationwide.

Medicaid is an entitlement program, which allows anyone who meets eligibility requirements to enroll and guarantees federal funding for part of the cost of a state's program. The Federal Medical Assistance Percentage (FMAP) determines the amount of money the federal government contributes to a state's Medicaid program and is designed so the federal government pays a larger percent of Medicaid costs in states with overall lower per capita incomes as compared to the national average.

By law, the FMAP must contribute at least 50 percent of a state's Medicaid expenses and no more than 83 percent. For fiscal year 2017, the District of Columbia and seven states (AL, KY, NM, SC, ID, WV and MS) are receiving 70 percent or more of their Medicaid funding from the federal government. Under the ACA, Medicaid expansion states have received an enhanced FMAP covering 100 percent of states' costs for newly eligible beneficiaries. In 2017, as outlined in the ACA, the enhanced FMAP has phased down to cover 95 percent of expansion states' Medicaid costs for newly eligible beneficiaries and will phase down to 90 percent in 2020.

The ACA also provided five years of additional funding for Medicaid's companion program, the Children's Health Insurance Program (CHIP), while also increasing federal CHIP funding levels. States can opt to use their CHIP allotments either to expand Medicaid, fund a separate CHIP program, or create a combination of the two approaches. In 2015, Congress continued CHIP funding through September 30, 2017. Today, all but nine states use their annual CHIP allotment—either partially or entirely—to fund expanded Medicaid.

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Background on Medicaid payment increase in Maryland

The 2012 Maryland General Assembly increased Medicaid reimbursement for Evaluation and Management (E&M) codes to Medicare rates for all physicians who accept Medicaid. This was done to address health care expansion and a significant lack of physician participation in the Medicaid program due to inadequate reimbursement. MedChi applauded the reimbursement rate increase. Then, former Governor O'Malley reduced reimbursement for E&M codes in the FY 2015 midyear budget cuts that were adopted in December 2015. Beginning April 1, 2015, reimbursement for E&M codes had been reduced from 100% of Medicare to 87% of Medicare. That reduction was maintained in the proposed FY 2016 budget as well. As a result of MedChi's advocacy, the budget passed by the General Assembly restored a portion of the rate reduction and increased E&M Code payment to 92% of Medicare. The increase was ultimately agreed to by the Administration. During the 2016 Session, the General Assembly again requested funding in the budget to increase the rates to 96%. While Governor Hogan ultimately did not agree to the method used for funding, he did increase E&M code reimbursement to 94%, effective October 1, 2016.

RECOMMENDATIONS:

1. MedChi continue to keep raising Medicaid reimbursement for Medicaid E&M codes to 100% of Medicare a top priority as it has for the last three years.

2. MedChi's AMA delegation request reaffirmation of the following AMA policies, as they reflect core principles of MedChi, The Maryland State Medical Society.

    a. Policies H-290.974 and H-290.986 support maintaining Medicaid as a safety net program for the nation's most vulnerable populations and eligibility expansions of Medicaid with the goal of improving access to health care coverage to otherwise uninsured groups.
    b. Policy H-330.932 opposes payment cuts in Medicaid budgets that may reduce patient access to care and undermine the quality of care provided to patients; advocates that Medicaid budgets need to expand adequately to adjust for factors such as cost of living, the growing size of the population, and the cost of new technology; and supports a mandatory annual "cost-of-living" payment increase to Medicaid providers.
    c. Policies H-290.966 and D-290.979 encourage the development of coverage options, notably through state waiver demonstrations, for low income adults living between their state's Medicaid income eligibility and 138% FPL.
    d. D-165.966 supports state governments be given the freedom to develop and test different models for improving coverage for patients with low incomes, and advocates for changes in federal rules and federal financing to support the ability of states to develop and test such alternatives without incurring new and costly unfunded federal mandates or capping federal funds.

As adopted by the House of Delegates at its meeting on April 30, 2017.