



*The Maryland State Medical Society*

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## **MEDICAID: WHATS NEXT?**

*Op-ed in The Daily Record, by Gene Ransom*

BALTIMORE, November 10, 2015 — In 2012 MedChi lobbied the General Assembly, in conjunction with Governor O'Malley's then Health Secretary Joshua Sharfstein, MD, to get the Maryland General Assembly to expand Medicaid coverage and raise the Medicaid reimbursement to all physicians for Evaluation and Management (E&M) codes to Medicare rates.

This was done to address two concerns: the coming expansion of health care to tens of thousands of Marylanders and a significant lack of participation in the Medicaid program by Maryland physicians due to inadequate reimbursement. MedChi applauded the enactment of the increase and fought successfully to put it in place in the subsequent 2013 and 2014 Sessions. The increased reimbursement was a success and physician participation in Medicaid significantly increased.

A problem developed last year when former Governor O'Malley backtracked from his prior support and reduced reimbursement for E&M codes in the FY 2015 midyear budget cuts that had been adopted in December just before he left office. Beginning April 1, 2015, reimbursement for E&M codes was reduced from 100% of Medicare to 87% of Medicare. This cut was undertaken without public notice or hearings and was slipped through the Board of Public Works.

MedChi and other advocates for patients went to the General Assembly last session and asked for the cut to be restored. General Assembly leadership in the House and the Senate, as well as Governor Hogan, supported a payment increase of 92% effective this summer. MedChi is now asking Governor Hogan and General Assembly leaders to continue their good work and restore Medicaid to its 2013 level. Shouldn't people of lesser means receive the same benefit as seniors? MedChi is asking that Medicaid simply be returned to parity with Medicare.

Paying practitioners properly increases access in participation. In 2014 MedChi, The Maryland State Medical Society, completed a survey of Maryland Physicians to determine the effect of changes to the Maryland Medicaid program. In the survey MedChi polled a group of 251 Maryland physicians to determine their knowledge of the increase, and the effect on patients. The results of the poll included two key findings: Over 46% of physicians surveyed who did not accept Medicaid, were considering seeing Medicaid patients as a result of the increase. Furthermore, 57% of physicians surveyed who did accept Medicaid, were planning to increase their panel (number) of Medicaid patients.

The study is supported by actual enrollment data. According to the Department of Health and Mental Hygiene (DHMH) the number of physicians accepting Medicaid or a Medicaid Managed Care Organization has gone up since the fee increase. The multi-million dollar question that remains is how do you pay for this enhancement? Clearly, one answer could be in the recently announced State of Maryland budget surplus. According to the Department of Legislative Services a portion of the surplus did occur in the Medicaid budget, due to declining enrollment (Enrollment has dropped 8% since March).

Other than the surplus, structural changes and several new policies could help cover the costs of restoring parity. Obviously, if Medicaid patients have access to a physician, then they could avoid more costly settings such as the emergency room, which would help offset costs. Two programs DHMH is considering could further reduce costs, and allow for proper payment for Medicaid. The Department is working slowly toward a new computer management system for Medicaid --- while this project is currently waylaid by a legal dispute, once implemented it should provide new efficiencies and economies of scale. The new system will reduce administrative costs and allow for better care management. More immediately, DHMH has retained a consultant to launch a pilot Accountable Care Organization-like model (ACO) for individuals with dual enrollment in both Medicaid and Medicare. This Dual Eligible ACO will operate on a shared savings model with savings targets.

Medicaid payment cuts create significant barriers to patient access and ultimately increase the cost of care as people are driven by the lack of outpatient alternatives to seek treatment in more expensive locations such as emergency rooms. The tremendous increase in enrollment that has occurred with the implementation of federal health care reform makes retention of parity reimbursement essential. Maryland's ability to maintain an adequate physician network and ensure patient access to necessary services will be at risk if action isn't taken promptly. So the question is, will Maryland's leaders take up the challenge and put Medicaid in shape to meet the needs of Maryland citizens?

#### About MedChi

MedChi, The Maryland State Medical Society, is a non-profit membership association of Maryland physicians. Formed in 1799, it is still the largest physician organization in Maryland today. The mission of MedChi is to serve as Maryland's foremost advocate and resource for physicians, their patients and the public health of Maryland. For more information, please visit [www.medchi.org](http://www.medchi.org).