



*The Maryland State Medical Society*

**TESTIMONY OF GENE M. RANSOM III, CEO OF MEDCHI, THE MARYLAND  
STATE MEDICAL SOCIETY - DHMH MEDICAID CARE PROGRAMS  
ADMINISTRATION BUDGET HEARING**

BALTIMORE, March 4, 2015 — MedChi appreciates the opportunity to express its concern regarding the Medicaid budget as submitted by the Governor. Of specific note, is the retention of Governor O'Malley's reduction in reimbursement for E & M codes to 87% of Medicare rates. It is well recognized that adequate access to care is significantly constrained by lack of access to physician services. Establishing that Medicaid reimbursement should be equivalent to Medicare rates was first adopted in the FY 2013 budget. 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. The increased reimbursement has been a success and physician participation in Medicaid has significantly increased.

Retention of the reduction in reimbursement will undoubtedly result in physicians dropping out of Medicaid because of inadequate reimbursement. This will create significant barriers to patient access and ultimately increase the cost of care. The tremendous increase in enrollment that has occurred with the implementation of federal health care reform makes restoration of the reimbursement rate essential. Maryland can only solve the problem of physician shortages in the Medicaid program by identifying a way to reimburse physicians at the same rate as they are reimbursed for Medicare. MedChi understands that the fiscal challenges faced by the State make it nearly impossible to fully restore the reimbursement reductions in FY 2016. However, MedChi would strongly urge the Governor and the General Assembly to develop a plan to phase in the restoration of the reimbursement rates over the next few fiscal years. Failure to do so could create significant access to care challenges in Medicaid and ultimately increase program costs far in excess of the savings achieved from the rate reduction.

MedChi would also like to express its concern over the reduction in eligibility for pregnant women. MedChi has been working in conjunction with stakeholders to identify a means to restore eligibility and/or address the significant gaps in coverage for the woman who will no longer be eligible and will not be able to afford or avail themselves of coverage under a qualified health plan. MedChi understands that progress is being made in identifying alternative approaches to the reduction proposed in the budget. Finding a solution is essential.

Finally, MedChi would like highlight one cost saving project that had been under development at the DHMH and continues to be under consideration – creation of a Medicaid Accountable Care Organization (ACO). Medicaid ACO development was a large component of the planning funding previously received. MedChi strongly supports the creation of a Medicaid ACO as it would encourage Medicaid practitioners to focus on the total cost of care and incentivize prevention and early intervention. Maryland currently has 22 Medicare ACOs and the investment in the infrastructure of the existing those ACOs can be leveraged to create this new program. The savings to the Medicaid program could be immense. MedChi strongly urges DHMH to continue the development of a Medicaid ACO.

About MedChi

MedChi, The Maryland State Medical Society, is a non-profit membership association of Maryland physicians. It is the largest physician organization in Maryland. 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).