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TO: The Honorable Cory V. McCray, Chair
Senate Budget and Taxation Committee
Subcommittee Members, Health and Human Services

FROM: Danna L. Kauffman
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DATE: February 22, 2024

RE: MDH Medical Care Programs Administration – Proposed FY 2025 Budget

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, remains greatly appreciative of your continued support of the medical community. In particular, we want to thank you for appropriately funding the Medicaid evaluation and management (E&M) payment rates in Fiscal Year 2024. **As the budget committees examine the Fiscal Year 2025 budget, we urge you to restore the investment you made last Session and maintain the E&M payment rates at current levels.** We appreciate the challenges presented in this upcoming budget, however, when one considers the impact on communities affected by lack of access to health care services, the conclusion that payment rates must be appropriately funded to ensure physician and practitioner participation is inescapable. Over the last several years, Medicaid enrollment has increased significantly. Furthermore, socioeconomic inequities and health disparities have recently become even more apparent and access to proper health care is a key means of addressing these inequities. Ensuring that payment rates are funded at no less than current levels will assist the State in recruiting and retaining physicians and other health care practitioners necessary to ensure that access.

Now is not the time to be reducing Maryland's investment in primary care. As you know, the HSCRC and the Maryland Department of Health are beginning negotiations with the federal government on the continuation of our Total Cost of Care agreement under the new All-Payer Health Equity Approaches and Development (AHEAD) Model. Over the last several years, Maryland has been a leader by investing in primary care through the Maryland Primary Care Program as well as the new Primary Care Episode Quality Improvement Program. Under the current agreement, Maryland has yet to complete its obligation to develop a primary care program under the Medicaid program. The new AHEAD Model requires more investment, not less investment in primary care. Maryland will not be able to accomplish its goals unless the State can ensure a robust physician and practitioner network in the State.

It is also important to note that medical practices, which provide services to Medicaid recipients, have been economically impacted by a number of cost drivers. Shortages in the healthcare workforce have resulted in practices having to increase staff salaries and wages. Cumbersome utilization review practices (i.e., prior authorization) increase costs to a practice by requiring them to hire additional staff. These cost drivers and the time it takes to provide care to patients affect whether a practice can participate in certain programs or with certain payers. Ensuring sufficient payment for E&M codes will support the ongoing financial viability of those practices and enable them to continue to contract with Medicaid to ensure access to health care services for Maryland's most disadvantaged patients.

For these reasons, we strongly urge you and the Governor to continue to fund E&M code payment rates at no less than current levels. Thank you in advance for your continued support for the medical community and the patients cared for by us.