



MDH Medical Care Programs Administration
Budget Hearing

Senate Budget and Taxation Committee
Subcommittee on Health and Human Services

March 4, 2022

REQUEST: Maintain funding for E&M Code reimbursement as reflected in the proposed Fiscal Year 2023 budget

Our organizations are writing regarding the proposed Fiscal Year 2023 budget. Specifically, the restoration of Medicaid evaluation and management (E&M) reimbursement codes. Given the exponential growth in Medicaid enrollment, combined with the negative impact that the COVID-19 pandemic has had on physician practices, patient access, and health outcomes, we strongly support and believe that restoration of E&M reimbursement codes to full Medicare parity, as contained in the proposed Fiscal Year 2023 budget, is not only fiscally prudent but also essential for the reasons set forth below.

In 2012, the State increased payment rates to providers for E&M reimbursement codes under the Medicaid program to 100% of the amount paid under the Medicare program. This action was in response to the adoption of the Affordable Care Act (ACA), which resulted in significantly more people being covered under Medicaid¹, and the resulting need to ensure that an adequate number of physicians were available under the program. When the ACA was first implemented there was a significant lack of participation in the Medicaid program by Maryland physicians and other health care practitioners due to inadequate reimbursement. The enhanced rate proved to be a success and practitioner participation in Medicaid significantly increased.²

Despite the success in increasing provider participation and access to care as a result of parity for E&M reimbursement codes, rates were reduced to 92% of Medicare in 2015. Rates were restored to 94% of Medicare in 2016 and thankfully that rate has been maintained through Fiscal Year 2022. Still, 100% Medicare parity must be achieved if the State is to maintain the success it

¹ Indeed, the number of enrollees in Medicaid in Maryland grew 53% between September of 2013 and December of 2017. See <https://www.healthinsurance.org/maryland-medicaid/>

² Increasing reimbursement rates has proven effective at ensuring provider access. See January 2020 MD Dept. of Health Annual Report on the Maryland Medical Assistance Program and the Maryland Children's Health Program – Provider Reimbursement Rates, at pp. 28-29 (“...there has been a significant increase in the number of physicians who fully participate in Medicaid over time.”).

has had in recruiting and retaining physicians and other health care providers to participate with Medicaid.

As you review the proposed Fiscal Year 2023 budget, we ask that you ensure that reimbursement levels for E&M reimbursement codes be restored to full Medicare parity, as the Governor has proposed. We do not ask this lightly, considering the many competing interests and needs that have arisen, resulting from the COVID-19 pandemic. However, when one considers the impact on communities affected by lack of access to health care services, the conclusion that reimbursement rates should be restored to Medicare parity is inescapable. During the pandemic, Medicaid enrollment has increased significantly. Furthermore, socioeconomic inequities and health disparities, that have become even more apparent recently, also drive the need to ensure proper reimbursement rates. Access to proper health care is a key means of addressing these inequities. Restoring the current reimbursement rates to 100% Medicare parity will assist the State in recruiting and retaining the physicians and other health care practitioners necessary to ensure that access.

It is also important to note that medical practices which provide services to Medicaid recipients have been economically impacted by the pandemic. Workforce availability, coupled with the costs associated with managing and maintaining the financial viability of a business, influence practices' evaluation of which payers they contract with, including participation with Medicaid. Restoring Medicare parity for E&M reimbursement 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, our respective organizations strongly urge you and the Governor to restore E&M code reimbursement rates to 100% parity with Medicare rates.

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