

June 28, 2020

The Honorable Lawrence J. Hogan  
Governor  
100 State Circle  
Annapolis, MD 21403

The Honorable Nancy Kopp  
Treasurer  
80 Calvert Street  
Annapolis, MD 21403

The Honorable Peter Franchot  
Comptroller  
80 Calvert Street  
Annapolis, MD 21403

RE: July 1, 2020 BPW Budget Reductions

Dear Governor Hogan, Treasurer Kopp and Comptroller Franchot:

Today, the Department of Budget and Management released the July 1, 2020 BPW Budget Reductions for FY2021. On behalf of the physician community, the Maryland State Medical Society (MedChi) is urging you to reject the recommendation to limit funding for physician Medicaid E&M rates to 90% of Medicare beginning January 1, 2021 (page 37 of the document).

As background, in 2012, the State increased payment for E&M codes in Medicaid to 100% of Medicare rates for all physicians who accept Medicaid. This action was a direct result of President Obama's signature Affordable Care Act (ACA) also known as Obamacare legislation. This was done to address health care expansion and the significant lack of physician participation in Medicaid. Physician participation greatly increased due to the increase in payment rates. In 2015, due to budget shortfalls, the rate was reduced to 92% of Medicare. Since 2016, the rate has been funded at 94% of Medicare, with the goal to work to return to 100% of Medicare rates. MedChi has long supported to returning to the ACA, or Obamacare level.

While we understand the fiscal challenges facing Maryland, now is not the time to reduce physician E&M rates. A reduction of E&M rates will further unbalance an already fragile health care system. Due to high unemployment, the State is experiencing increased enrollment in Medicaid. The State must ensure that physicians can continue to afford to participate in Medicaid to safeguard the existence of robust networks. In addition, during the early days of the COVID-19 pandemic, physician offices were shuttered due to the State's limitation on nonemergency and elective procedures and stay at home orders. Consequently, physicians saw a dramatic reduction in revenue, causing many to question their ability to continue to operate, especially in the State's rural areas. It is well recognized that adequate access to care is significantly constrained by lack of access to medical services. Increasing Medicaid E&M rates has proven to be a success

and health care practitioner participation in Medicaid significantly increased. Maryland must continue to go forward and not backward on this effort, especially in light of the increased Medicaid need and the unprecedented fiscal challenges facing the physician community.

We strongly urge the Board of Public Works to reject the reduction in Medicaid E&M rates to 90% and maintain them at 94%. Maryland must protect and preserve our front-line workers who will be continually challenged throughout this year on providing care in Maryland. Thank you for your consideration of this request.

Sincerely,

Gene M. Ransom III  
CEO MedChi, The Maryland State Medical Society