



The Maryland State Medical Society

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MDH Medical Care Programs Administration
Budget Hearing
House Appropriations Committee
Subcommittee on Health and Social Services
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REQUEST: Support restoration of Medicare parity for Evaluation and Management (E&M) codes

MedChi appreciates the opportunity to express its concern regarding the Medicaid budget as submitted by the Governor for Fiscal Year 2020. Of specific note is the lack of an increase in payment for Medicaid rates for physicians. MedChi has long supported Medicaid and Medicare parity. Currently, reimbursement for E&M codes for Medicaid has declined to 92.5% of Medicare rates, less than in Fiscal Year 2019. We would request that they be increased to 100%.

It is well recognized that adequate access to care is significantly constrained by lack of access to physician services. Establishing Medicaid reimbursement rates equivalent to Medicare rates was first adopted in the Fiscal Year 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 was a success and physician participation in Medicaid significantly increased.

Unfortunately, in April 1, 2015, reimbursement for E&M codes was reduced from 100% of Medicare to 87% of Medicare, which was maintained in the Fiscal Year 2016 budget, as part of former Governor O'Malley's mid-year budget cuts. Governor Hogan, recognizing that failure to increase E&M code reimbursement would have a negative impact on physician participation and ultimately access to care, has steadily increased the rates but has not restored them to 100% parity with Medicare. The tremendous increase in enrollment that has resulted from and continued with the implementation of federal health care reform makes restoration of the reimbursement rate essential. Maryland can only solve the continuing 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 made it necessary to reduce the payment, and we appreciate the efforts made to incrementally restore it back to the prior level. MedChi would strongly urge the Governor and the General Assembly to implement restoration of the reimbursement rates during this fiscal year through maintaining the current funding in the budget and including additional funds necessary to restore Medicare parity. 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.

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