

March 13, 2019

The Honorable Nancy J. King  
Chair, Senate Budget and Taxation Committee  
3 West Miller, 11 Bladen Street  
Annapolis, Maryland 21401

RE: Senate Bill 1040: Budget Reconciliation and Financing Act of 2019

Dear Chair King:

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.

It is important to note that Senate Bill 1040 removes the \$10 million that was intended to be used by the State to fund the administrative requirements for the Maryland Primary Care Program. The Maryland Primary Care Program is an essential component of Maryland's Total Cost of Care Model. The reduction of funds will have a significant impact on the success of this program, and we respectfully request that the funding be restored.

Sincerely,

Gene M. Ransom, III

Chief Executive Officer