ISSUE BRIEF:

Continuing the Medicaid primary care payment bump

MMA POSITION:

The Affordable Care Act recognized there would be a need to invest in primary care services as more individuals obtained insurance coverage. Thus in 2013-2014, the federal government financed a bump in states’ Medicaid payment rates for primary care services to Medicare levels. Given the primary care physician shortage in Minnesota, the need to invest in primary care services is greater than ever. The Medicaid primary care services payment bump, which ended Dec. 31, 2014, should be reinstated to ensure the viability of primary care clinics and access to care for Medical Assistance and MinnesotaCare enrollees.

BACKGROUND:

Minnesota has a primary care physician shortage: Current projections indicate a shortage of more than 600 physicians by 2020 and of nearly 1,200 by 2030. One reason for the shortage is the increased demand for health care services associated with more individuals having insurance coverage. The ACA recognized demand would increase and, from 2013-2014, increased states’ Medicaid payment rates for primary care services to Medicare levels, with 100 percent of the cost paid for by the federal government. Across the country, that Medicare-equivalent payment increase resulted in an average increase in primary care Medicaid payments of 73 percent; Minnesota saw approximately a 36 percent bump in primary care Medicaid rates. Increased payment rates are particularly important to clinics in rural and underserved areas where the proportion of patients insured by Medical Assistance, MinnesotaCare and other public programs is particularly high. The lower payment levels from these public programs make it difficult for these clinics to recruit new physicians, invest in new technologies and, for some, to even cover their existing overhead costs.

Minnesota currently ranks 47th among states in Medicaid physician payment rates. It is disappointing that the governor’s budget proposal ignores this issue. There is good evidence that adequate Medicaid payment rates ensure patient access to care by influencing the participation levels of physicians. The 2013-2014 bump in Medicaid primary care service rates alone was found to have improved patient access to care. In a study published Jan. 21, 2015, in the New England Journal of Medicine, the authors wrote: "The increases in Medicaid reimbursements mandated by the ACA were associated with significant increases in the availability of new-patient appointments for primary care for Medicaid enrollees. … Our findings suggest that providing higher Medicaid payments is an effective strategy for ensuring access to enrollees among already participating primary care providers."

To date, at least 15 states including Iowa, Maryland, Alabama, Mississippi and Colorado have seen the benefit to patients of the improved primary care payment levels and plan to continue the Medicaid bump for primary care services.

TALKING POINTS:

→ We need to reinstate the 2013-2014 increase in Medicaid payment rates for primary care.

→ We can assure patient access to care through strategies that have been shown to work such as improving Medicaid payment rates.

→ We need to address Minnesota’s primary care physician workforce shortage through a variety of ways, including investing in Medicaid primary care payment levels.

→ Minnesota’s 47th place ranking for Medicaid physician payment rates is abysmal.

→ The impact of inadequate Medicaid payment rates falls disproportionately on rural and urban clinics serving large numbers of Medical Assistance and MinnesotaCare enrollees.

1 Services eligible for the enhanced rate are defined as primary care service codes 99201-99499, and vaccine administration codes 90460-90461 and 90471-90474. Eligible physicians must currently practice in family medicine, general internal medicine, pediatric medicine, or any subspecialty of these listed specialties.


3 Testimony of Commissioner Lucinda Jesson, DHS, before Senate HHS Finance Committee, January 2013.

