

## **ISSUE**

Protect the Safety Net

## **MMA POSITION**

Provide adequate payment for medical services to patients on public programs.

## **BACKGROUND**

State public health care programs including Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare provide Minnesotans affordable health care coverage. The safety net exists to help people during difficult economic times. The state provides coverage for those in need, recognizing that without these programs many would go without health care, increasing the financial strain on health care providers through an increase in uncompensated care.

Unfortunately, the safety net is already fragile because payment rates have been inadequate for so long. Payments for medical services in public programs have been increased across-the-board only once in the last 16 years, a 3 percent raise in 2000. Meanwhile the cost of running a medical practice has gone up nearly 30 percent in the last 10 years.

Payments from public programs do not cover the overall cost of providing care (facilities, supplies, equipment, nurses and staff, etc). At some clinics the percentage of patients on government programs is approaching 50 percent, placing them at risk of closing. Patients have a much more difficult time accessing health care when their clinic cannot afford to stay open.

## **TALKING POINTS**

- With more people losing jobs and losing health insurance there's increasing pressure on the health care delivery system.
- Cuts to payments for MA, GAMC, or MinnesotaCare will have a drastic impact on medical practices with large numbers of patients on public programs. These practices, many of them in rural Minnesota, are already struggling.
- Payments are based on the median charges from 1989. Payments for medical services in public programs have been increased across-the-board only once in the last 16 years, a 3 percent raise in 2000. Meanwhile the cost of running a medical practice has gone up nearly 30 percent in the last 10 years. Decreasing payments in public programs will cause more cost shifting to the private market, leading to higher premiums for the insured and placing a greater burden on employers to continue to provide affordable coverage.
- While provider payments have been basically flat, payment to health plans through the prepaid Medical Assistance program (PMAP) payments have gone up 80% in the last 10 years. These payments have not been passed through to providers.