Talking Points: Extending Medicaid Payment Equity with State Funds

CHIP 23 Percentage Point Federal Match Increase

- On April 16, as a result of significant advocacy by the AAP and countless partner organizations, the Medicare Access and CHIP Reauthorization Act of 2015 became law, extending federal Children’s Health Insurance Program (CHIP) funding for 2 additional years.

- Among other provisions, the new law secures funding for the Affordable Care Act (ACA) increase to the CHIP federal match (the enhanced-Federal Medical Assistance Percentage, or enhanced-FMAP) on state spending by 23 percentage points in every state.


- [STATE] has an opportunity to take previously budgeted state CHIP funds now offset by this increased federal match and continue our commitment to child health by devoting it to increasing Medicaid payment for pediatric services. [IF APPLICABLE:] Medicaid payment was cut in 2015 by X%, following the end of a federal provision to maintain Medicaid-Medicare parity for primary care services in 2013-2014. (Use local data for state cut % or this Urban Institute report: http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000025-Reversing-the-Medicaid-Fee-Bump.pdf) This significant cut to Medicaid payment has significantly impacted the ability of pediatricians to care for [STATE] children in Medicaid.

- Now is the opportunity to use this jump in federal CHIP matching to address the significantly low Medicaid rates now plaguing our state.

Medicaid Payment Equity Generally

- Medicaid payment directly impacts physician participation in the Medicaid program, and is a key factor in ensuring access to care for Medicaid enrollees. Low Medicaid payment forces physicians of [STATE] to make difficult decisions to limit or stop caring for Medicaid patients.

- All [STATE] children—including those in Medicaid—deserve a medical home. Children without a usual source of health care are less likely to see a physician than those who
do, and children who do have a medical home as a usual source of care have lower total expenses.

- On average nationally, Medicaid pays only 70% of what Medicare pays for the same services. Here in [STATE] that figure is [INSERT % HERE].

- When children are shut out of mainstream private care, parents have no other choice than to use expensive, episodic care in hospital clinics and emergency rooms when their children are sicker, or to not have them treated at all. None of these options are good for children or the health care system—increasing access to care in Medicaid will help prevent this from happening.

- The Affordable Care Act (ACA) included an important provision to address the historic problem of low Medicaid physician payment. The ACA raised Medicaid payment rates for Evaluation and Management (E/M) and immunization administration services to Medicare-equivalent levels for 2013-2014. This was a historic investment in care provided in the Medicaid program.

- While there have been challenges to implementation of this Medicaid payment equity, since this provision became law, we have heard from physicians across the state that it has made a real difference for children and practices—from large medical centers to small private practices.

- Recent research has also shown the positive effect of the Medicaid payment increase. In this *New England Journal of Medicine* 10-state study, the availability of physicians treating Medicaid patients jumped by 8 percentage points during the ACA Medicaid payment increase years of 2013-2014. States with larger increases in payment saw availability increase by over 10 percentage points. This confirms what we know—Medicaid payment levels directly impact the ability of physicians to accept Medicaid patients.

- [SPECIFIC STATE DATA OR OTHER PERSONALIZED DETAILS OF PAYMENT INCREASE HERE]

- The AAP and numerous partnering physician organizations have been calling on Congress for months to extend Medicaid payment equity federally past 2014. While Congress continues to debate the issue, we have the opportunity in [STATE] now to extend this much needed payment parity now with state funds, which will be matched in Medicaid by the federal government—something 14 other states have already done for 2015.
• Following the expiration of the federal ACA Medicaid payment increase, Medicaid payment levels in [STATE] are expected to be cut by [% HERE—state-by-state data available from December 2014 Urban Institute report] beginning January 1, 2015.

• This precipitous drop in Medicaid payment will have a profound effect on physicians in this state. According to [INSERT SPECIFIC DETAILS FROM STATE SURVEY OR OTHER ANECDOTAL STORIES FROM PEDIATRICIANS DOCUMENTING NEGATIVE IMPACT OF CUT HERE].

• This cut to Medicaid payment will create a 2 tiered system of care in this state, where those with private insurance have access to medical care and those enrolled in Medicaid do not. We simply can’t afford to make this mistake and to turn back the clock on the inroads we have made for children enrolled in Medicaid.

• Moreover we cannot afford this cut to physician practices, which are significant drivers of economic activity in this state. Physician practices create economic output, and generate jobs (including wages and benefits) and much needed state tax revenue. Continuing the Medicaid payment increase with state funds will be an economic driver as well as a smart commitment to the health of our state. (State specific American Medical Association (AMA) Economic Impact Study data may be available from your state’s medical society.)

• Now is the time for [STATE] to join the 15 other states (AL, CO, CT, DE, HI, IA, IN, ME, MD, MI, MS, NE, NV, NM, and SC) [plus AK and ND that have Medicaid rates higher than Medicare] that are already continuing the 2013-2014 Medicaid payment increase with state funds, which will be matched by federal Medicaid dollars. This is an investment in the children of [STATE] and in our future that we can’t afford not to make.