

**Texas Health and Human Services Commission
Legislative Appropriations Request, 2014-15
*Testimony on behalf of: Texas Medical Association
Texas Pediatric Society, Texas Academy of Family Physicians; and
American Congress of Obstetricians and Gynecologists/Texas District
Sept. 21, 2012***

The Texas Medical Association (TMA) recently developed a comprehensive, strategic roadmap for our state's health care system based on the largest threats to the health of our patients and communities. TMA's Healthy Vision 2020: Caring for Patients in a Time of Change discusses Texas' paramount health care issues and provides the association's recommendations. One of these issues is declining availability of physicians for Medicaid, Children's Health Insurance Program (CHIP), and other low-income patients. Today we want to focus our remarks on some of the Texas Health and Human Services' (HHSC's) exceptional items that may help — or hinder — patient access.

Medicaid Physician Participation

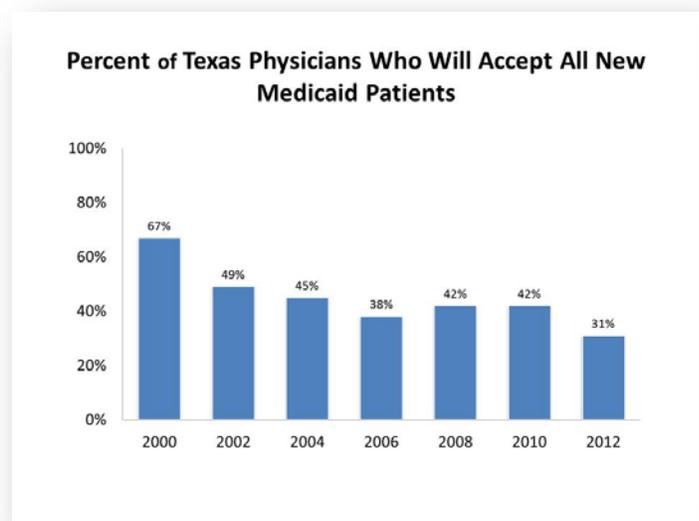
Physician leaders from our organizations have long predicted that regulatory burdens, red tape, and low pay would erode the physician foundation of both Medicaid and Medicare.

That day has come, according to [TMA's new biennial survey](#) of Texas physicians. More physicians have been forced to reduce the number of patients they see who depend on these important programs.

Hardest hit have been low-income Texans who rely on Medicaid for their care. The percent of Texas physicians who are willing to accept all new Medicaid patients has plummeted from 42 percent in 2010 to 31 percent today — an all-time low. The survey also showed that more physicians are actually choosing to stop participating in Medicaid altogether, rather than just limit how many Medicaid patients they will accept.

For the first time in its survey, TMA also asked about physician acceptance of patients eligible for both Medicare and Medicaid, known as dual eligibles. These patients are some of the sickest and frailest patients in the Medicaid program. Forty percent of physicians indicated they accept all new dual eligible patients. While this is better than physician acceptance of Medicaid-only patients, it is far below the physician acceptance rate of all new Medicare patients: 58 percent.

TMA does not have historical survey data on acceptance of dual-eligible patients to determine whether there has been an actual decline in access to care for this population,



but anecdotal information indicates that is certainly the case. Further, in the survey, physicians were asked if they would change their acceptance of duals as a result of payment reductions enacted on Jan. 1, 2012. Of those who indicated they intended to change their policies, 47 percent will accept no duals and another 37 percent will limit how many they will accept.

Medicaid and CHIP Physician Payments

Physicians tell our respective organizations they strongly support Medicaid and CHIP and very much want to take care of patients who are enrolled in these programs. Yet, inadequate payments, combined with rising practice costs, mean more and more physicians simply cannot afford to continue taking a loss for their services. On average, Medicaid and CHIP pay 73 percent of Medicare and 50 percent of commercial insurance, making Medicaid and CHIP physicians' worst payers. In the last biennium, the state reduced already meager payment rates another 2 percent. In the big picture, a one or two percent cut may not sound like much, but in reality, it has had a very predictable impact — fewer physicians participating in Medicaid or CHIP.

Additionally, the draconian reduction in payment for dual-eligible patients enacted on Jan.1 is further exacerbating physicians' unwillingness to participate in Medicaid. A physician who recently called TMA regarding the impact of the cut said that while he is still accepting some duals, he won't be able to do so much longer because he can no longer find any specialists willing to see his patients, leaving him to try to manage conditions he does not feel qualified to treat.

Of course, in border, rural, and inner-city areas, limiting Medicaid participation is not an option for most practices since Medicaid covers so many patients. Instead, numerous physician practices in those communities have been forced to lay off staff, work longer hours, or take out bank loans as a result of the dual-eligible payment cuts. Physicians and hospitals along the border also say the dual-eligible cut has stymied their efforts to recruit new physicians to practice in their communities.

As you consider the HHSC 2014-15 appropriations request, we urge you to place priority on items that will help improve Medicaid and CHIP patients' access to services. In particular, we ask your support for the following:

- **Add funding to fully restore payment of the Medicare Part B coinsurance and deductible for dual-eligible patients.** The payment reductions have created a medical emergency for patients and physicians across the state. Continuing the cut into the next biennium will harm patient care and be financially ruinous for many physician practices.
- Adopt exceptional items 1 and 2, which together would maintain current services in Medicaid and CHIP.
- Adopt exceptional item 6, which would extend the primary care physician rate increase that will be implemented because of the Patient Protection and Affordable Act (PPACA) through the end of the 2014-15 biennium. A provision within PPACA requires states to increase for two years Medicaid payment rates for preventive care and office visits provided by pediatricians, family physicians, and general internists. Higher rates will help stem the exodus of primary care physicians from Medicaid and promote development of cost-effective primary care medical homes for Medicaid beneficiaries.
- Adopt item 15, which would allow HHSC to continue its initiatives aimed at reducing health care disparities in all health and human services programs.
- Adopt exceptional item 16, which would (1) broaden the PPACA-related primary care rate increase to include other HHSC programs, including CHIP and Children With Special Health Care Needs; and (2) expand the increase to include obstetricians-gynecologists and other primary care physicians serving Medicaid and other HHSC patients.

As part of exceptional item 16, we also strongly encourage the state to expand the rate increase to encompass physician subspecialists. The federal government has proposed applying the Medicare-parity provision to subspecialists affiliated with pediatrics, family medicine, and general

internal medicine. While it is anticipated that the final federal rules will include this provision, most subspecialists still will be left out of any rate increase. As noted above, the physician Medicaid network is in free fall, with barely a third of physicians accepting all new Medicaid patients. We strongly believe the primary care physician payment increase will halt further decline among primary care physicians, but PCPs cannot effectively care for patients without a complementary network of subspecialists available to care for their patients. Indeed, a commonly cited reason for primary care physicians limiting or discontinuing their Medicaid participation is that they cannot find subspecialists to whom to refer.

- Reject the 1-percent across-the-board provider rate cut include in the 10-percent reduction schedule. Our organizations cannot emphasize enough that any reduction in Medicaid or CHIP payments, even a cut as seemingly insignificant as 1 percent, will further erode the physician network. Any cut also would be grossly unfair to the physicians still bearing the brunt of the dual-eligible cut enacted this year.