

# Medicaid Payment for Primary Care

**Congress should immediately pass legislation to raise Medicaid payment for primary care services to at least Medicare rates.**

## Background

Medicaid physician fees remained substantially below Medicare and private insurance fees in 2019, as in prior years, despite growth in Medicaid enrollment since 2008.<sup>1</sup>

Physicians cited low reimbursement rates as a reason they were unable to accept more Medicaid patients.<sup>3</sup> Prior to the passage of the Affordable Care Act, Medicaid physician payments were generally far lower than both Medicare and private insurance payment rates for the same services.<sup>4</sup> When Congress raised Medicaid primary care payment rates to Medicare levels in 2013 and 2014, patient access improved.

**Today, Medicaid payment is, on average,**



**66%** of the Medicare rate for primary care services, but it can be as low as **33%** of the Medicare rate, depending on the state.

**Low Medicaid physician payment rates** have historically been a barrier to health care access for Medicaid enrollees.<sup>2</sup>

## Impact of COVID-19

Recent data show that Medicaid enrollment has increased by more than 7.7 million since the start of the COVID pandemic, and trends suggest that enrollment will continue to increase a result of COVID related job losses.<sup>5</sup>

Although Congress has provided temporary aid to states through the Families First Coronavirus Response Act - and conditioned that aid on states maintaining eligibility standards, coverage, premiums, and cost-sharing protections - states still face competing demands on their limited resources that may compel Medicaid spending cuts and disrupt funding to primary care.



**The demand for primary care physicians in the Medicaid program is more acute than ever.**

Inadequate Medicaid payment threatens access to primary care services in areas hardest hit by COVID-19, and without proper support during this public health emergency and beyond, family physician practices could be forced to close.

## Increasing Access & Health Equity

Medicaid's importance as a health payer can hardly be overstated. Last year, over 77 million adults and children were enrolled in Medicaid and CHIP.<sup>6</sup> The vast majority of individuals insured through Medicaid are those without access to employer or other private health insurance benefits; they are individuals who because of age, disability, or dependency lie outside the private health insurance market. Medicaid also plays an important role in providing health care coverage to minority populations that would otherwise be uninsured.

More than one in four Black and Hispanic adults are covered by Medicaid.<sup>7</sup> Medicaid reduces the disparity in primary care and outpatient visits between minority and white beneficiaries, encouraging patients to receive care in less costly settings.<sup>8</sup>

**Increasing access to primary care physicians leads to better health outcomes and reductions in longstanding health disparities.<sup>9</sup>**

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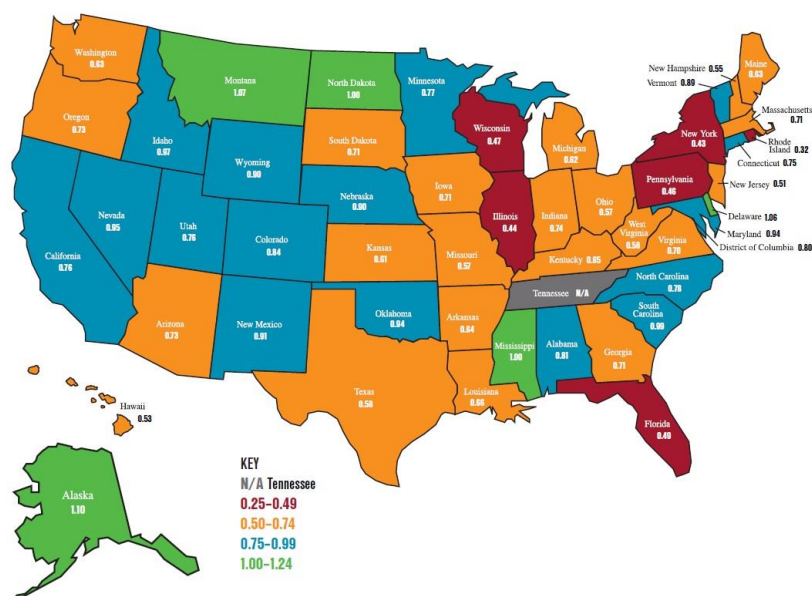
## Solution

The AAFP calls on Congress to pass legislation to raise Medicaid payment rates for primary care services to at least Medicare levels, which would ensure clinicians have adequate resources to care for Medicaid patients and would help alleviate barriers to care for patients who are most in need.

Senators should co-sponsor the Ensuring Access to Primary Care for Women and Children Act (S. 1833).

Representatives should co-sponsor the Kids Access to Primary Care Act (H.R. 1025).

## Medicaid-to-Medicare 2019 Fee-for-Service Rates<sup>10</sup>



Six states (FL, IL, NY, PA, RI, WI) pay Medicaid primary care fees at a rate of less than 50 percent of Medicare primary care fees while another 21 states paid at a rate less than 75 percent.

In short, states have taken varying approaches to improving Medicaid payment.

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