

Florida Medical Association FACT SHEET



INCREASE IN MEDICAID REIMBURSEMENT FOR FLORIDA PHYSICIANS

FMA Contacts: Fred Whitson & Jeff Scott

FMA Position

In order to ensure that Medicaid participants have access to a large pool of quality physicians, the FMA supports an increase in Medicaid physician reimbursement rates from 56% of Medicare to 100% of Medicare.

Background

According to the Agency for Health Care Administration's *Medicaid Summary of Services 2006-2007*, Florida's Medicaid Program serves around 2.2 million people. The estimated cost of these services for Fiscal Year 2006-2007 is approximately \$15.9 billion. Despite recent efforts by the Florida Legislature to revamp the Medicaid system to curb costs and provide services to those in need, access to quality physicians continues to be a growing problem. Currently, Medicaid physicians only receive 56% of the current Medicare rate which does not allow a physician to cover the overhead costs of the practice. For example, a primary care physician receives only \$27 for an office visit for a Medicaid patient, while the actual overhead cost of providing the service is around \$75. The cost of services and the number of Medicaid patients continue to increase while reimbursement rates for physicians do not. As a result, the pool of high quality physicians is becoming more and more limited. This has resulted in an access to care problem for Medicaid patients, particularly those who are considered high risk. The shrinking number of Medicaid participating physicians has led many Medicaid patients to seek care in the emergency room, where costs to the state are much higher than if the care was provided in a physician's office.

Discussion

To ensure that all Medicaid patients have access to a large pool of quality physicians, Florida must make vital changes. Physician fees make up only 4.85% of the Medicaid budget. Medicaid physician reimbursement rates should be raised from the current 56% of Medicare to 100% of Medicare. This will result in more physicians willing to treat Medicaid patients and will improve the health care of all Floridians and reduce health care costs to the State.

Adequate reimbursement for services provided is crucial in order to retain quality physicians who are able to serve Florida's most vulnerable patients. As patient load and overhead costs rise, physicians become less able to treat Medicaid patients. The establishment of a patient-physician relationship will provide the patient with an advocate in health care matters. By increasing the reimbursement rates for Medicaid physicians, Florida will be able to fix the current disparities that are reflected in illness incidence rates. In addition, an increase in the reimbursement rates for physicians will encourage doctors in Florida's residency programs to remain in Florida.

A recent survey performed by MGT, Inc., found that the primary reasons that Florida physicians decline to accept Medicaid patients is the low reimbursement rate as well as difficulty in receiving timely reimbursements.

The MGT study also found that a smaller and smaller pool of Florida physicians are accepting Medicaid patients, resulting in long travel times, poor follow up and a decline in adequate patient care. In addition, the rate of increase of reimbursements for Florida physicians over the last 8 years has not kept pace with inflation and the consumer price index, resulting in lower reimbursement rates over time.

Conclusion

In order to counter a decrease in access to Medicaid physicians, Florida must increase physicians' reimbursement rates to 100% of Medicare.

1/30/2007