



September 28, 2020

Secretary Robert Neall
 Maryland Department of Health
 201 W. Preston St.
 Baltimore, MD 21201

RE: FY 2022 Budget—Medicaid Provider Reimbursement Rates

Dear Secretary Neall:

Our organizations are writing regarding the Fiscal Year 2022 Budget and provider reimbursement rates under the Medicaid Program. We urge you and Governor Hogan to sustain reimbursement levels at the present rate for the reasons set forth below.

In 2012, the State increased payment rates to providers for evaluation and management (E&M) codes under the Medicaid program to 100% of the amount paid under the Medicare program. E&M codes generally refer to those billing codes used for doctor visits or consultations; in short, primary care. This action was in response to adoption of the Affordable Care Act (ACA), which resulted in significantly more people being covered under Medicaid¹, and the resulting need to ensure that an adequate number of providers were available under the program.² In 2015, rates were reduced to 92% of Medicare, but in 2016 were restored to the 94% level. In July of this year, proposals were made to the Board of Public Works to reduce this amount to 90% of Medicare effective January 1, 2021.

As you prepare the Fiscal Year 2022 Budget, we ask that you sustain provider reimbursement levels at the present rate of 94% of Medicaid. We do not ask this lightly, considering the extraordinary revenue reductions the State faces from the COVID-19 pandemic and its continuing economic fallout. But when one considers the impacted communities from any such reduction, the conclusion that reimbursement rates should be maintained at current levels is inescapable.

By definition, the Medicaid program is designed to assist low-income individuals and families. In a time when more people are in financial despair due to unemployment or under-employment, Medicaid enrollment levels are likely to rise. Ensuring access to care for enrollees is important now for the same reason that it was important following the passage of the ACA.

Furthermore, social inequities and disparities that have become even more apparent recently also drive the need to ensure proper reimbursement rates. Access to proper health care and health care providers is a key means of addressing these inequities, and current reimbursement rates have proven a successful way to ensure that access.

Finally, medical practices which provide these services are also economic engines. They employ and provide benefits to professional medical staffs, administrative personnel, and require the services of other businesses associated with commercial office space. Many of these practices have struggled economically and continue to do so. Maintaining these reimbursement levels not only ensures access to proper health care for patients, but it will aid a major part of the State's economy.

For these reasons, our respective organizations strongly urge you and the Governor to sustain provider reimbursement rates at the present level of 94% of Medicare.

¹ Indeed, the number of enrollees in Medicaid in Maryland grew 53% between September of 2013 and December of 2017. See <https://www.healthinsurance.org/maryland-medicaid/>

² Increasing reimbursement rates has proven effective at ensuring provider access. See January 2020 MD Dept. of Health Annual Report on the Maryland Medical Assistance Program and the Maryland Children's Health Program – Provider Reimbursement Rates, at pp. 28-29 (“...there has been a significant increase in the number of physicians who fully participate in Medicaid over time.”).

Sincerely,

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cc: Dennis Schrader, Chief Operating Officer and Medicaid Director, MDH
David R. Brinkley, Secretary, Budget & Management
Diane Croghan, Deputy Chief of Staff, Office of Governor Hogan