



November 22, 2021

Dennis R. Schrader, Secretary
 Maryland Department of Health
 201 W. Preston St.
 Baltimore, MD 21201

RE: FY 2023 Budget—Medicaid Provider Reimbursement Rates

Dear Secretary Schrader:

Our organizations are writing regarding the Fiscal Year 2023 Budget and provider reimbursement rates under the Medicaid Program. Given the exponential growth in Medicaid enrollment, combined with the negative impact that the COVID pandemic has had on physician practices, patient access and health outcomes, we believe that restoration of Medicaid evaluation

and management (E&M) reimbursement codes to full Medicare parity is not only fiscally prudent but also essential for the reasons set forth below.

In 2012, the State increased payment rates to providers for E&M codes under the Medicaid program to 100% of the amount paid under the Medicare program. 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 physicians were available under the program. When the ACA was first implemented there was a significant lack of participation in the Medicaid program by Maryland physicians and other health care practitioners due to inadequate reimbursement. It is well recognized that adequate access to care is significantly constrained by lack of access to medical services. The enhanced rate proved to be a success and health care practitioner participation in Medicaid significantly increased.²

Despite the success in increasing provider participation and access to care as a result of establishing Medicare parity for E&M codes, rates were reduced to 92% of Medicare in 2015. This Administration restored rates to 94% of Medicare in 2016 and thankfully has maintained the 94% rates through Fiscal Year 2022. However, reestablishment of 100% Medicare parity must be achieved if the State is to maintain the success it has had in recruiting and retaining physicians and other health care providers to participate with Medicaid.

As you prepare the Fiscal Year 2023 Budget, we ask that you and Governor Hogan restore provider reimbursement levels for E&M codes to full Medicare parity. We do not ask this lightly, considering the many competing interests and needs that have arisen, resulting from the COVID-19 pandemic. However, when one considers the impact on communities affected by lack of access to health care services, the conclusion that reimbursement rates should be restored to Medicare parity is inescapable. During the pandemic, Medicaid enrollment has increased significantly. Furthermore, socioeconomic inequities and health disparities, that have become even more apparent recently, also drive the need to ensure proper reimbursement rates. Access to proper health care is a key means of addressing these inequities. Restoring the current reimbursement rates to 100% Medicare parity will assist the State in recruiting and retaining the physicians and other health care practitioners necessary to ensure that access.

It is also important to note that medical practices which provide services to Medicaid recipients have been economically impacted by the pandemic. Workforce availability, coupled with the costs associated with managing and maintaining the financial viability of a business, influence practices' evaluation of which payers they contract with, including participation with Medicaid. Restoring Medicare parity for E&M codes will support the ongoing financial viability of those practices and enable them to continue to contract with Medicaid to ensure access to health care services for Maryland's most disadvantaged patients.

For these reasons, our respective organizations strongly urge you and the Governor to restore E&M code reimbursement rates to 100% parity with Medicare rates.

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,

Gene Ransom, Chief Executive Officer
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cc: Steven R. Schuh, Deputy Secretary, Health Care Financing and Medicaid, MDH
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