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How Much Will Medicaid Physician Fees for Primary Care Rise in 2013? Evidence from a 2012 Survey of Medicaid Physician Fees

Executive Summary

Under the Affordable Care Act (ACA), beginning in 2014, states will be able to expand Medicaid to cover millions of previously uninsured low-income adults. This coverage expansion will increase demand for care in Medicaid. Low Medicaid physician fees in many states and their impact on physician participation have been a perennial concern. Still, in recent years, many states under recessionary budget pressures have reduced some Medicaid provider payment rates. To help ensure sufficient access in Medicaid as enrollment increases, the health reform law requires states to raise their Medicaid fees to Medicare levels at least, for family physicians, internists, and pediatricians for many primary care services. Physicians in both fee-for-service and managed care environments will get the enhanced rates. The primary care fee increase, which applies in 2013 and 2014, is fully federally funded up to the difference between a state's Medicaid fees in effect on July 1, 2009 and Medicare fees in 2013 and 2014.

To gauge the impact of the fee increase for primary care, and to get a current picture of Medicaid physician fee levels in general, the Kaiser Commission on Medicaid and the Uninsured (KCMU) commissioned the Urban Institute to conduct a 50-state survey of Medicaid physician fees in 2012, the year immediately preceding implementation of the rate increase. This paper presents data from that survey showing how states compare to each other in their 2012 Medicaid fee levels, how Medicaid fees compare to Medicare fees, and how Medicaid fees have changed over time. The survey indicates that, in 2012, Medicaid physician fees averaged 66 percent of Medicare physician fees, but there is wide state variation. With respect to the almost 150 primary care services affected by the health reform provision, Medicaid fees averaged just 58 percent of Medicare fees. These new data on states' 2012 fees for primary care provide a baseline for assessing the impact of the Medicaid primary care fee increase, which takes effect on January 1, 2013. Estimates of this imminent policy change are presented here for the first time.

Key Findings

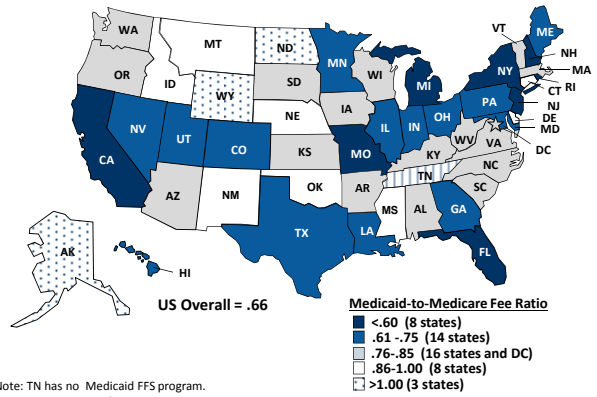
Medicaid physician fees vary widely by state. Average Medicaid physician fees in 2012 varied substantially by state, ranging from 58% of national average Medicaid fees in Rhode Island, to 242% in Alaska. Medicaid fees were more than 10% below the national Medicaid average in California, Florida, Indiana, Michigan, Missouri, New Jersey, New York, and Rhode Island.

Medicaid pays 66% of Medicare fees on average. In 2012, on average, Medicaid physician fees were 66% of Medicare fees. Underneath this national statistic, however, is considerable state variation (Figure 1). The Medicaid-to-Medicare fee ratio ranged from just 37% in Rhode Island to 134% in North Dakota. California, Florida, Michigan, Missouri, New Hampshire, New Jersey, New York, and Rhode Island, where almost four of every 10 Medicaid beneficiaries live, paid the least relative to Medicare – less than 60%. In all, close to half the states paid no more than 75% of Medicare fee levels.

Figure 1

Medicaid-to-Medicare Physician Fee Ratios, by State

All Services, 2012



Note: TN has no Medicaid FFS program.

SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

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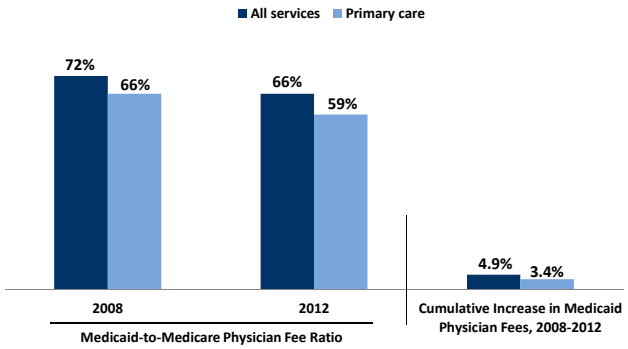
Medicaid lags even further behind Medicare in primary care fees. In 2012, Medicaid fees for the surveyed primary care services averaged just 59% of Medicare fee levels. Once again, the Medicaid-to-Medicare fee ratio varied by state. California, Florida, Michigan, New York, and Rhode Island all paid less than 50% of Medicare fees, and another 30 states paid no more than 75%.

The Medicaid-to-Medicare fee gap has widened. The Medicaid-to-Medicare fee gap has widened in recent years (Figure 2). Average Medicaid fees fell from 72% of Medicare levels in 2008 to 66% in 2012. The fee ratio for the surveyed primary care services fell from 66% to 59%, and the decline was very similar for the health reform-enumerated primary care services – from 65% in 2008 to 58% in 2012. The drop-off in Medicaid fees relative to Medicare fees was not the result of a decline in average Medicaid fees. In fact, average Medicaid fees rose by almost 5% over 2008-2012. However, average Medicare fees for the same services rose by over 15% in that timeframe – driven largely by fee increases for office visits, which dominate the Medicaid-to-Medicare fee index. As a result, Medicaid now lags further behind Medicare.

Figure 2

Change in Average Medicaid-to-Medicare Fee Ratio and Medicaid Physician Fees, 2008-2012

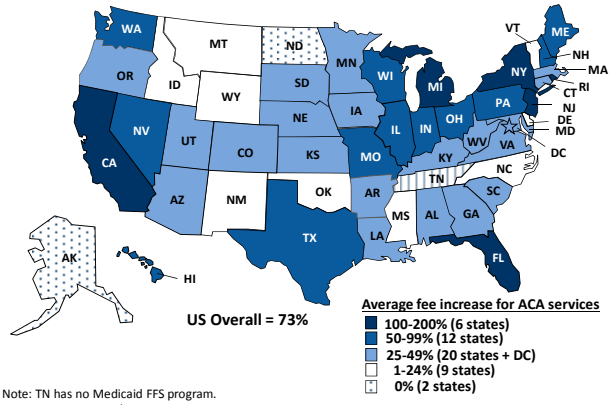


SOURCE: 2008 and 2012 KCMU/Urban Institute Medicaid Physician Fee Surveys and Urban Institute data on 2010 Medicaid physician fees

On average, Medicaid physician fees for primary care services will rise by 73% in 2013. In 2013, most states will have to increase their 2012 Medicaid fees to comply with the requirement to pay qualified physicians at least Medicare rates for ACA primary care services. On average, primary care fees will increase by 73 percent, but the magnitude of the increase will vary by state (Figure 3). Average primary care fees will more than double for qualified physicians in six states – Florida (105%), New Jersey (109%), Michigan (125%), California (136%), New York (156%) and Rhode Island (198%). The average fee increase will exceed 50% in a dozen more states. Only Alaska and North Dakota, where Medicaid primary care fees are already above Medicare levels, will not be affected by the fee increase, and only nine states will have fee increases of less than 25%.

Figure 3

Average Medicaid Fee Increases for ACA Primary Care Services in 2013, by State



Note: TN has no Medicaid FFS program.
SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

Conclusion. The purpose of the increase in Medicaid physician fees for primary care is to encourage greater Medicaid participation among physicians as the program expands in 2014 and demand for care increases. The estimated 73% average increase in fees in 2013 far exceeds any Medicaid fee increases that have been observed historically. Particularly if the enhanced payment rates succeed in increasing physician participation and beneficiary access as intended, interest in extending the higher Medicaid rates beyond 2014 is likely to be high. States are required to collect data on physician participation and primary care utilization so that the policy's impact can be assessed. These data will provide policymakers with important new evidence to consider as they evaluate Medicaid fees as a lever for increasing the supply of needed care for the low-income population.

How Much Will Medicaid Physician Fees for Primary Care Rise in 2013? Evidence from a 2012 Survey of Medicaid Physician Fees

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The Urban Institute

Introduction

Under the Affordable Care Act (ACA), beginning in 2014, states will be able to expand Medicaid to cover millions of previously uninsured low-income adults. This coverage expansion will increase needs for access to care in Medicaid, and at the same time, the expansion of private coverage through the new insurance exchanges under the ACA will introduce new competition for access to health care providers. Low Medicaid physician fees in many states and their impact on physician participation in the Medicaid program have been a perennial concern among policymakers, providers, and advocates for Medicaid beneficiaries. Still, in recent years, many states under budget pressures generated by the economic recession and slow recovery have reduced some Medicaid provider payment rates. Anticipating greater demand for health care, and to help ensure sufficient access in Medicaid, the health reform law requires states to raise their Medicaid fees to Medicare levels at least, for family physicians, internists, and pediatricians for many of the primary care services they provide. The primary care fee increase, which applies in 2013 and 2014, is fully federally funded up to the difference between a state's Medicaid fees in effect on July 1, 2009 and Medicare fees in 2013 and 2014. On November 6, 2012, the Centers for Medicare and Medicaid Services (CMS) issued a final rule on implementation.[1]

To gauge the magnitude of the required Medicaid fee increase, and to get a current picture of Medicaid physician fee levels in general, the Kaiser Commission on Medicaid and the Uninsured (KCMU) commissioned the Urban Institute to conduct a 50-state survey[*] of Medicaid physician fees in 2012, the year immediately preceding implementation of the primary care payment increase. The data update an earlier wave of the KCMU/Urban Institute fee survey, conducted in 2008.

This paper presents data from the fee survey showing how states compare to each other in their 2012 Medicaid fee levels, how Medicaid fees compared to Medicare fees in that year, and how Medicaid fees have changed over time. The survey indicates that, on average, 2012 Medicaid physician fees were 66 percent of Medicare physician fees, but there is wide variation from state to state. In the case of primary care services, Medicaid fees averaged just 59 percent of Medicare fees. These new data on states' 2012 fees for primary care provide a baseline for assessing the impact of the Medicaid primary care fee increase, which takes effect on January 1, 2013. Estimates of this imminent policy change are presented here for the first time.

Readers can find a more detailed explanation of the health reform provision that establishes the fee increase and the recent regulation outlining how states are to implement it, in a companion brief.[**]

[*] The survey included all states but Tennessee, which has no fee-for-service component in its Medicaid program, as well as the District of Columbia.

[**] *Increasing Medicaid Payments for Certain Primary Care Physicians in 2013 and 2014: A Primer on the Health Reform Provision and Final Rule*. Kaiser Commission on Medicaid and the Uninsured, December 2012.

Overview of the Medicaid primary care fee increase

The health reform law requires states, in 2013 and 2014, to pay at least 100 percent of Medicare physician fees for close to 150 different primary care services provided to Medicaid enrollees by certain physicians. Physicians in the specialties of family medicine, general internal medicine and pediatrics are designated to qualify for the increased fees, and federal regulations clarify that subspecialists can also receive the enhanced rates. To qualify, physicians must attest that they are Board-certified and/or that at least 60 percent of their Medicaid services in the previous year were primary care services to which the fee increase applies. The enhanced Medicaid rates are also available for services delivered by nurse practitioners and physician assistants under the personal supervision of a qualified physician.

The Medicaid fee increase applies in managed care organizations (MCOs) as well as fee-for-service (FFS), and the health reform law expressly requires that qualified physicians in Medicaid plans directly receive the enhanced rates. The large share of Medicaid enrollees who are in capitated managed care plans could suggest that physician fees are no longer a forceful policy lever in the Medicaid program. However, in 2011, slightly over 40 percent of all Medicaid enrollees remained in traditional FFS or in a primary care case management program (PCCM).[2] Furthermore, FFS physician reimbursement rates can affect what Medicaid managed care plans pay physicians, because these plans often receive monthly capitation payments based on what states would have paid for care on a FFS basis.

Medicaid physician fee survey: data and findings

The KCMU/Urban Institute 50-state survey of Medicaid physician fees collected fee data as of July 2012 from state websites, supplemented with telephone interviews. To maintain continuity with earlier rounds of this survey dating back to 1993 and fielded most recently in 2008, we collected fee data on the same 30 primary care, obstetric, and other services surveyed previously. We examined the online information and survey data to identify any fees that rose or fell by a large amount between 2008 and 2012, and any fees that were unusually high or low compared to the corresponding national Medicaid average fees. When fees did not seem plausible, we called state Medicaid agencies or conducted online research to verify them, which enabled us to correct inaccuracies and gain insight into some of the large fee increases and decreases we observed. The 2012 national means for each service in this study are displayed in Table 1.

We constructed three Medicaid fee indices in the same manner as in our earlier studies (see Box) to assess how Medicaid fees vary across the states, how they compare to Medicare's fees for the same services, and how they have changed over time. The indices capture the variation in Medicaid physician fees and, using Medicare fees as a benchmark, their adequacy:

- The *Medicaid fee index* shows how each state's fees compare to national average Medicaid fees for the surveyed services. We computed an "all services" index for each state, as well as sub-indices for primary care, obstetric care, and other services.
- The *Medicaid-to-Medicare fee index* is the ratio of a state's Medicaid fees to Medicare's fees for the same services.
- The *Medicaid fee change index* measures the cumulative change in a state's Medicaid fees over the period 2008-2012.

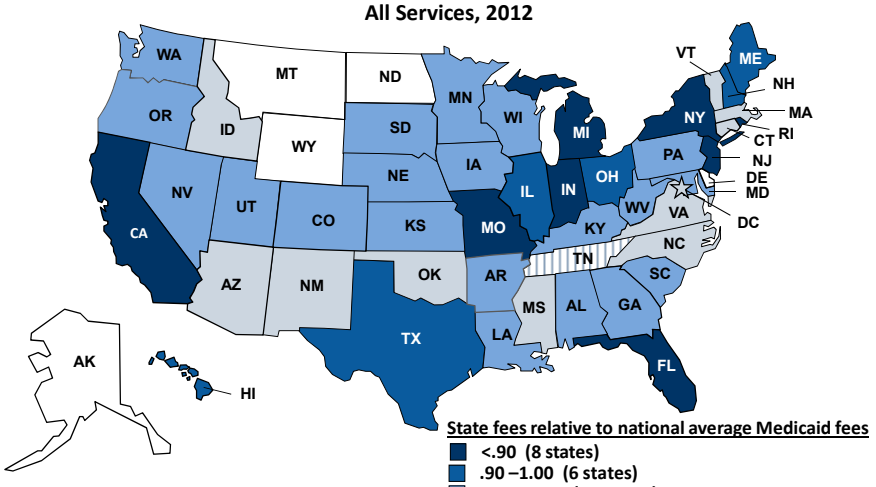
Medicaid physician fees vary widely by state

Average Medicaid fees in 2012 for the services included in the survey varied substantially by state (Figure 1 and Table 2), ranging from 58 percent of national average Medicaid fees in Rhode Island, to 242 percent of national average Medicaid fees in Alaska.[3] In eight states – California, Florida, Indiana, Michigan, Missouri, New Jersey, New York, and Rhode Island – average Medicaid fees were more than 10 percent below the national Medicaid average. However, in Florida and New York, Medicaid fees for obstetrical services were above the national average for this type of care. Also, in California, Medicaid fees for "other services" (e.g., hospital visits, surgeries, tests, psychotherapy) were above the national average for those services.

Figure 1

State Medicaid Physician Fees Relative to National Average Medicaid Physician Fees

All Services, 2012



Note: TN has no Medicaid FFS program.
SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

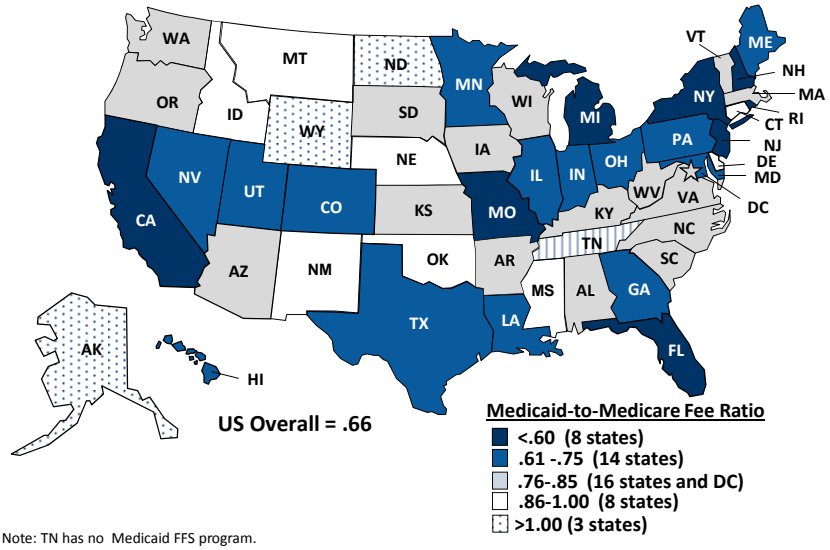
On average, Medicaid pays physicians 66 percent of Medicare fees

Historically, Medicaid fees have tended to trail Medicare fees. In 2012, Medicaid physician fees averaged 66 percent of Medicare fees. Underneath this national average statistic, however, is considerable state variation (Figure 2 and Table 2). The Medicaid-to-Medicare fee ratio ranged from a low of 37 percent in Rhode Island, to a high of 134 percent in North Dakota. Eight states accounting for roughly 40 percent of total Medicaid enrollment[4] – California, Florida, Michigan, Missouri, New Hampshire, New Jersey, New York, and Rhode Island – paid the least relative to Medicare, and nearly half the states (22) paid no more than 75 percent of Medicare fees.

Figure 2

Medicaid-to-Medicare Physician Fee Ratios, by State

All Services, 2012



Note: TN has no Medicaid FFS program.
SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

Medicaid lags even further behind Medicare in primary care fees

The gap between Medicaid and Medicare fees was larger for primary care services, with states paying just 59 percent of Medicare fees on average. But again, the Medicaid-to-Medicare fee ratio varied by state. Five states – all of them among the eight mentioned above (California, Florida, Michigan, New York, and Rhode Island) – paid less than 50 percent of Medicare fees, and another 30 states paid no more than 75 percent.

Of the 146 primary care services eligible for the ACA fee increase, seven were among the services included in this survey. Using these seven services, we computed a Medicaid-to-Medicare fee sub-index for the ACA primary care services, which was 58 percent, slightly lower than the sub-index for all surveyed primary care services (Table 3). To assess the validity of the sub-index, we collected 2012 Medicaid fee data for all 146 ACA primary care services, 110 of which are widely used in Medicaid (i.e., at least 25 states have set fees for them), including the seven primary care services in our survey. We correlated our Medicaid-to-Medicare sub-index for the seven ACA primary care services in our survey with the Medicaid-to-Medicare index values for the other 103 widely-used ACA primary care services, and found a high degree of correlation. The correlation was over 0.8 for 66 services and between 0.6 and 0.8 for 33 services (data not shown). On this basis, we concluded that our sub-index for seven ACA services provided a reasonable representation of the ACA primary care services as a whole and could be used to estimate the magnitude of the Medicaid primary care increases that will occur in 2013.

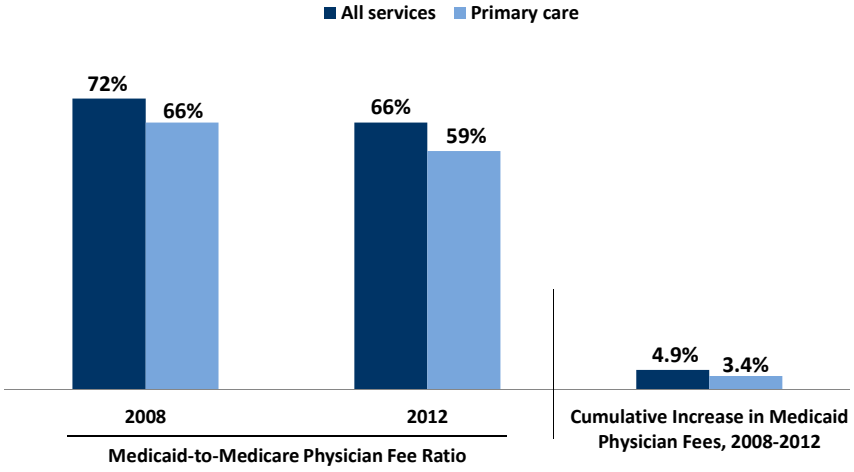
The Medicaid-to-Medicare fee gap has widened

Between 2008 and 2012, the Medicaid-to-Medicare fee gap for "all services" widened (Figure 3).[5] Average Medicaid fees fell from 72 percent of Medicare levels in 2008 to 66 percent in 2012. The fee ratio for the surveyed primary care services fell from 66 percent to 59 percent, and the ratio for the ACA

primary care services, specifically, dropped from 65 percent to 58 percent. Medicaid fees for obstetric services declined from 93 percent to 78 percent of Medicare fees between 2008 and 2012, while the ratio for "other services" declined more modestly, from 72 percent to 70 percent. Declines took place in most states as well as overall.

Figure 3

Change in Average Medicaid-to-Medicare Fee Ratio and Medicaid Physician Fees, 2008-2012



SOURCE: 2008 and 2012 KCMU/Urban Institute Medicaid Physician Fee Surveys and Urban Institute data on 2010 Medicaid physician fees

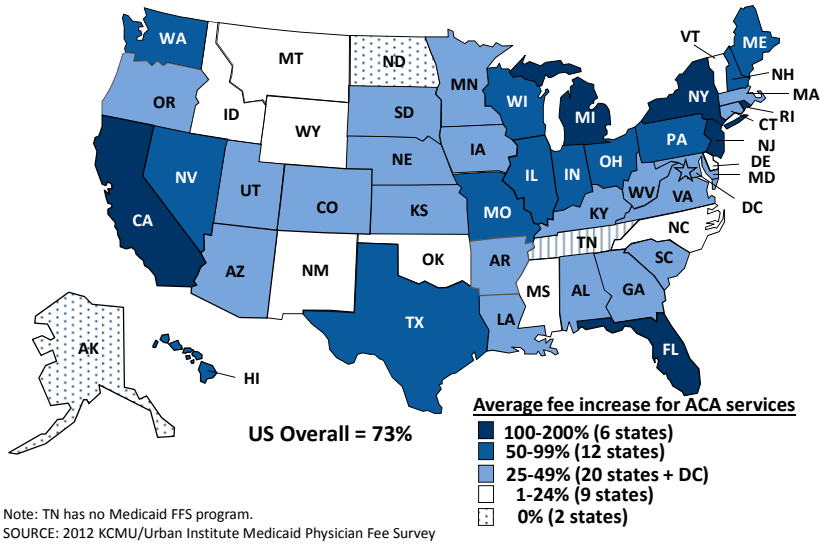
It is important to note that the drop-off in Medicaid fees relative to Medicare fees was not the result of a decline in average Medicaid fees. In fact, average Medicaid fees rose by almost 5 percent over the 2008-2012 study period (Appendix A). However, average Medicare fees for the same services rose by 15.4 percent in that timeframe, due largely to an increase in relative values for visits (data not shown). This Medicare change directly affects the Medicaid-to-Medicare fee ratio because visits are the most heavily weighted component of the fee index; it also affects the ratio indirectly because the relative values for total obstetrical care include many pre- and post-natal visits.

Average Medicaid physician fees for ACA primary care services will rise by 73 percent in 2013

In 2013, most states will have to increase their 2012 Medicaid fees to comply with the requirement to pay qualified physicians at least Medicare rates for ACA primary care services. On average, primary care fees will increase by 73 percent, but the magnitude of this rate increase will vary by state (Figure 4). Fees will more than double, on average, for qualified physicians in six states, including Florida (105 percent increase), New Jersey (109 percent), Michigan (125 percent), California (136 percent), New York (156 percent), and Rhode Island (198 percent). The average fee increase will exceed 50 percent in another dozen states. At the other extreme, some states will not be affected by the ACA fee increase

Figure 4

Average Medicaid Fee Increases for ACA Primary Care Services in 2013, by State



Note: TN has no Medicaid FFS program.
SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

very much. In Alaska and North Dakota, Medicaid primary care fees are already above Medicare levels. Although there may be some services whose fees will rise in these two states, the data suggest there will not be many. In Montana, Wyoming, Oklahoma and Delaware, the average fee increase for ACA primary care services will be less than 10 percent.

The health reform law commits the federal government to financing 100 percent of the differential between the Medicaid fees in place as of July 1, 2009 and Medicare fees in 2013 and 2014. As stated in the regulation, this "means that, unless a state has reduced its rates since 2009, it will be fully reimbursed for these increased payments by the federal government." Because we do not have data on Medicaid fees that were in place on July 1, 2009, we could not identify states that may have reduced their fees between 2009 and 2010, or states that pay higher rates in 2012 than they did in 2009. However, we were able to identify states whose Medicaid-to-Medicare fee ratio fell between 2010 and 2012. While most of these reductions were quite small, there were 10 states in which the Medicaid-to-Medicare fee ratio fell by more than 5 percentage points (data not shown).

In states whose 2012 fees exceed their 2009 fees, the federal government will fully fund that differential in 2013 and 2014, freeing up the state share of those amounts. In a small number of states, the Medicaid-to-Medicare fee ratio rose a percentage point or two between 2010 and 2012, and substantial increases were observed in two states. State savings associated with these circumstances are projected to total $235 million in 2013 and $310 million in 2014.[6]

Discussion

Over the next two years, interest in Medicaid physician payment will center around states' implementation of the primary care fee increase, its impact on physicians' participation in Medicaid, and beneficiary access to primary care. Past research suggests that physicians should be more willing to participate when fees are higher.[7] [8] Still, it is hard to predict what the response to the policy change will

be. On one hand, the short-term nature of the federal commitment to the higher fees could limit interest among physicians who do not currently participate and who may be reluctant to invest in new administrative systems and staff. Research has shown that, independent of fee levels, administrative hassles impede Medicaid participation.[9]

On the other hand, along with the expanded Medicaid market under the ACA, the unprecedented scale of the fee increases could produce a strong incentive to participate, overcoming concerns about the temporary nature of the policy, and physicians who already participate might also respond by enlarging their Medicaid panels. The 73 percent average increase in primary care fees that this analysis suggests will occur between 2012 and 2013 far exceeds changes that have been observed historically. Even states that have radically improved their payment rates have not increased fees by this much in a single year. In six states – Rhode Island, New York, California, Michigan, New Jersey, and Florida – Medicaid primary care fees will need to more than double. Increases on this order are so far outside the range of previous Medicaid payment changes that past studies of the effect of fees on physician participation may not provide credible guidance on the impact of this fee increase.

As is often the case with Medicaid policies, the effects of the fee increase are not likely to play out uniformly across states. As discussed, physicians in states where current Medicaid fee levels are lowest relative to Medicare will see the largest increases, while those in states whose rates are more generous will see smaller increases. Mid-level practitioners, including nurse practitioners and physician's assistants, qualify for the enhanced payment rates if they work under physician supervision. However, independently practicing non-physicians, although they are important providers of primary care in some states, do not qualify for the enhanced payments. Nor do Federally Qualified Health Center (FQHCs), which are paid on a facility basis at prospectively set rates.

Interest in extending the higher Medicaid rates beyond 2014 is likely to be high, particularly if the fee increase succeeds in increasing physician participation in Medicaid. The federal regulation requires states to collect and report data on physician participation and primary care utilization in 2013 and 2014 and in 2009, so that the impact of the policy can be evaluated. In the future, specialists might also be expected to seek Medicaid rates comparable to Medicare's for the services they provide, and states may see such a policy as a means to alleviate problems Medicaid beneficiaries have historically faced in obtaining access to needed specialty care.[10]

The purpose of the increase in Medicaid physician fees for primary care is to expand physician participation in Medicaid to help meet the increased demand for primary care as Medicaid enrollment grows. The application of the fee increase to physicians in Medicaid MCOs, as well as to those providing care on a FFS basis, may make it easier for managed care plans, which are expected to serve most newly eligible Medicaid beneficiaries, to contract with more providers and thus improve access to primary care for their Medicaid enrollees. In addition to providing increased support for primary care, data on the impact of the payment increase will provide policymakers with important new evidence to consider as they evaluate Medicaid fees as a lever for increasing the supply of needed care for the low-income population.

The authors would like to thank Julia Paradise for providing insights related to the policy context for the Medicaid primary care increase. We would also like to thank Genevieve Kenney for her valuable comments on an early draft.

Medicaid Fee Indices: Methods of Construction

Medicaid fee index. The Medicaid fee index measures how each state's average Medicaid physician fees compare to national average Medicaid physician fees. Looking across the state index values provides a picture of the variation in state payment levels to physicians. To create this index, we first computed a national weighted average Medicaid fee for each surveyed service, using each state's share of total national Medicaid enrollment as the weights.* Because some states do not pay all physicians the same fee for a particular service, or pay higher fees for some services than others, we collected information on states' use of different fees for specified providers and services. For every state that pays different rates for a given service, we computed a simple average fee for that service. Thus, each state has a single fee for each service included in our index. We then calculated, for each service, the ratio of a state's Medicaid fee to the national average Medicaid fee for that surveyed service. A state's Medicaid fee index value is the weighted sum of the ratios of its fees to the corresponding national average fees, where the weight for each service was its share of total Medicaid physician spending among all the surveyed services (based on service-specific Medicaid spending data obtained from CMS).

Medicaid-to-Medicare fee index. The Medicaid-to-Medicare fee index captures the difference between Medicaid and Medicare fees within each state and nationally. We calculated Medicare fees using the relative value units (RVUs), geographic adjusters, and conversion factor from the 30 July 2012 *Federal Register* and the 2012 Clinical Diagnostic Fee Schedule. For each state, we computed the ratio of the Medicaid fee for each service to the Medicare fee, and then, using the same spending weights used in the Medicaid fee index, combined the ratios into one Medicaid-to-Medicare fee index for each state. We also computed a national Medicaid-to Medicare fee index by applying the same enrollment weights used in the Medicaid fee index to the state Medicaid-to-Medicare fee indices.

Medicaid fee change index. This index measures the change in fees between 2008 and 2012. It represents, for each state and the nation, the weighted sum of the ratio of each service's 2012 fee to its 2008 fee, using the same spending and enrollment weights as above.

For all three Medicaid fee indices, we computed an overall index for all surveyed services as well as sub-indices for primary care, obstetrical care, and other services.

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* Enrollment data for weighting were derived from the 2009 Medicaid Statistical Information System (MSIS), the most recent available data.

Endnotes

[1] "Medicaid Program; Payments for Services Furnished by Certain Primary Care Physicians and Charges for Vaccine Administration Under the Vaccines for Children Program." U.S. Department of Health and Human Services. *Federal Register.* Vol. 77, No. 215 (November 6, 2012).
[2] "Medicaid Managed Care Enrollment Report: Summary Statistics as of July 1, 2011." Centers for Medicare and Medicaid Services. (2011).
[3] The variation has not changed substantially since 2008. See Zuckerman S et al. "Trends in Medicaid Physician Fees, 2003-2008" *Health Affairs*, Vol. 28, No.3 (2009): w510-w519.
[4] http://www.statehealthfacts.org/comparemaptable.jsp?typ=7&ind=198&cat=4&sub=52
[5] Op. cit., Zuckerman et al.
[6] 77 Fed. Reg. 66697, November 6, 2012.
[7] Decker S. "In 2011 Nearly One-Third of Physicians Said They Would Not Accept New Medicaid Patients, but Rising Fees May Help." *Health Affairs*, Vol. 31, No.8 (2012):1673-1679. Available from: http://content.healthaffairs.org/content/31/8/1673.full.pdf.
[8] Berman S et al. "Factors That Influence the Willingness of Private Primary Care Pediatricians to Accept More Medicaid Patients." *Pediatrics*, Vol. 110, No.2 (2002): 239-248. Available from: http://www.pediatricsdigest.mobi/content/110/2/239.full.pdf.
[9] Cunningham P and A O'Malley. "Do Reimbursement Delays Discourage Medicaid Participation by Physicians?" *Health Affairs*, Vol. 28, No.1 (2009): w17-28. Available from: http://content.healthaffairs.org/content/28/1/w17.full.pdf.
[10] Long S et al. "National Findings on Access to Health Care and Service Use for Non-elderly Adults Enrolled in Medicaid." MACPAC Contractor Report No. 2 (June 2012).

Appendix A - Medicaid Physician Fee Changes, 2008-2012

This Appendix presents results from the Medicaid Fee Change Index that we computed. The results show that Medicaid fees increased 4.9 percent for surveyed services between 2008 and 2012. Over this same time period, the Consumer Price Index (CPI) increased 4.4 percent, and the Medical Care Services component of the CPI (which includes physician services) increased 14.9 percent.[1] In real terms, Medicaid physician fees were increasing about 0.1 percent annually relative to inflation, but decreasing at about 2 percent per year relative to Medical Care Services inflation over the study period. The greatest fee increase in Medicaid (11.5 percent) was in "other services," which includes hospital visits, surgery, radiology, laboratory tests, and psychotherapy. The increases in primary care services (3.4 percent) and obstetric services (4.0 percent) were much more modest. However, uniformly across types of service, Medicaid fees did not keep up with inflation in Medical Care Services from 2008 to 2012.

The pattern of Medicaid fee changes was mixed across states. Twenty states had overall fee increases, one stayed the same, and 29 had overall fee decreases during the 2008 to 2012 study period. Thirteen states had fee increases above the rate of inflation, and eight had fee increases above the rate of medical care services inflation. There was wide variation in fee changes across states, with six states—Alaska, District of Columbia, Maine, Minnesota, New York, and North Dakota—raising fees by over 20 percent, while nine states—Arizona, Colorado, Georgia, Iowa, Louisiana, Michigan, Nevada, New Hampshire, and Washington—reduced fees by 5 percent or more.

[1] Author calculations from data in the Bureau of Labor Statistics, *CPI Detailed Report, Data for July 2012* http://www.bls.gov/cpi/cpid1207.pdf (accessed 24 October 2012), and *CPI Detailed Report, Data for July 2008* http://www.bls.gov/cpi/cpid0807.pdf (accessed 24 October 2012).

Table 1: Surveyed Physician's Services and Mean, Maximum, and Minimum Medicaid Fees, 2012

Type of Service and CPT Code	Service	Share of Medicaid Spending on All Surveyed Services (100%)	Medicaid Fee		
			Mean	Maximum	Minimum
Primary Care					
[A] 99203	Office Visit, New Patient, 30 Minutes	2.7%	$63.46	$164.84	$29.00
[A] 99204	Office Visit, New Patient, 45 Minutes	2.3%	$92.13	$257.56	$45.00
[A] 99213	Office Visit, Established Patient, 15 Minutes	25.5%	$38.20	$111.22	$20.64
[A] 99214	Office Visit, Established Patient, 25 Minutes	9.5%	$57.76	$166.07	$27.00
[A] 99283	Emergency Department Visit	8.1%	$44.25	$106.33	$24.17
93000	Electrocardiogram	0.5%	$18.61	$42.97	$10.36
93307	Echocardiography, Transthoracic	1.4%	$132.21	$222.43	$48.00
95904	Nerve Conduction, Amplitude and Latency/Velocity Study	0.3%	$33.63	$78.99	$16.00
92004	Ophthalmological Services, New Patient	1.1%	$75.75	$223.54	$26.83
92014	Ophthalmological Services, Established Patient	0.8%	$61.05	$183.49	$26.26
Obstetric Care					
59400	Total Obstetric Care, Vaginal Delivery	8.6%	$1,448.26	$2,986.20	$815.00
59409	Vaginal Delivery Only, No Postpartum Care	4.7%	$734.11	$1,927.80	$277.00
59410	Vaginal Delivery and Postpartum Care	6.7%	$885.90	$1,967.10	$296.00
59514	Cesarean Delivery and No Postpartum Care	1.7%	$805.78	$2,325.60	$398.50
59515	Cesarean Delivery and Postpartum Care	2.0%	$1,021.79	$2,533.70	$417.50
59510	Total Obstetric Care, Cesarean Delivery	2.9%	$1,582.62	$3,649.00	$815.00
Other Services					
Hospital Visits					
[A] 99222	Initial Hospital Care, New or Established Patient, 50 Minutes	1.4%	$79.27	$224.69	$29.50
[A] 99232	Hospital Visit, New Patient, 45 Minutes	4.4%	$41.28	$118.88	$17.00
Surgery					
43235	Upper Gastrointestinal Endoscopy	0.4%	$201.66	$447.55	$112.51
43239	Upper Gastrointestinal Endoscopy with Biopsy	1.3%	$228.71	$520.43	$19.48
58120	Dilation and Curettage	0.2%	$186.06	$405.25	$100.00
58150	Total Hysterectomy	0.3%	$718.14	$1,636.90	$486.48
66984	Cataract Removal with Lens Implant	1.5%	$667.22	$1,425.50	$357.32
69436	Tympanostomy	1.5%	$119.40	$257.61	$80.50
Radiology					
70450	Computerized Axial Tomography Scan, Head or Brain	1.9%	$163.38	$287.34	$108.01
71020	X-Ray, Chest, Two Views	3.1%	$24.10	$46.77	$15.00
76805	Echography, Pregnant Uterus	3.7%	$107.51	$253.72	$36.00
Laboratory Tests					
88305	Surgical Pathology	1.4%	$65.00	$159.59	$25.00
Psychotherapy					
90811	Inidividual Psychotherapy, 20 to 30 Minutes	0.0%	$49.93	$137.12	$3.99
90813	Individual Psychotherapy, 45 to 50 Minutes	0.0%	$69.14	$186.00	$8.33

Note: Services marked with "A" are those surveyed services eligible for the primary care fee increase.
SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

Table 2: 2012 Medicaid Fee Index and Medicaid-to-Medicare Fee Index, by Type of Service

State	2012 Medicaid Fee Index				2012 Medicaid-to-Medicare Fee Index			
	All Services	Primary Care	Obstetric Care	Other Services	All Services	Primary Care	Obstetric Care	Other Services
US	**1.00**	**1.00**	**1.00**	**1.00**	**0.66**	**0.59**	**0.78**	**0.70**
AL	1.07	1.10	1.13	0.92	0.78	0.70	1.01	0.71
AK	2.42	2.76	1.85	2.28	1.24	1.27	1.14	1.28
AZ	1.23	1.26	1.18	1.20	0.82	0.75	0.92	0.84
AR	1.07	1.07	0.83	1.39	0.79	0.70	0.74	1.11
CA	0.80	0.75	0.72	1.03	0.51	0.43	0.54	0.67
CO	1.09	1.25	0.85	0.99	0.71	0.74	0.68	0.69
CT	1.41	1.32	1.73	1.23	0.87	0.71	1.23	0.79
DE	1.54	1.71	1.08	1.43	0.97	0.98	0.94	0.96
DC	1.39	1.54	1.16	1.32	0.80	0.80	0.80	0.80
FL	0.89	0.84	1.20	0.81	0.57	0.49	0.90	0.55
GA	1.09	1.12	1.01	1.13	0.75	0.70	0.81	0.83
HI	0.97	1.01	0.84	1.04	0.62	0.57	0.66	0.68
ID	1.27	1.43	0.97	1.24	0.88	0.89	0.82	0.92
IL	0.97	0.96	1.14	0.89	0.62	0.54	0.86	0.64
IN	0.87	0.86	0.84	0.92	0.62	0.55	0.78	0.69
IA	1.12	1.18	0.97	1.18	0.82	0.77	0.86	0.90
KS	1.14	1.30	0.91	1.05	0.78	0.82	0.73	0.78
KY	1.09	1.13	1.06	0.99	0.77	0.72	0.97	0.76
LA	1.09	1.20	0.84	1.02	0.75	0.75	0.73	0.76
ME	0.96	1.03	0.82	0.98	0.65	0.63	0.68	0.65
MD	1.19	1.26	1.12	1.09	0.73	0.70	0.89	0.70
MA	1.21	1.23	1.27	1.09	0.77	0.68	0.97	0.72
MI	0.76	0.74	0.82	0.70	0.51	0.46	0.61	0.50
MN	1.06	1.23	0.77	1.04	0.71	0.73	0.66	0.72
MS	1.31	1.44	0.99	1.20	0.90	0.90	0.90	0.90
MO	0.87	0.92	0.73	0.91	0.59	0.57	0.57	0.68
MT	1.51	1.62	1.39	1.39	0.97	0.94	1.05	0.96
NE	1.17	1.18	1.12	1.23	0.87	0.76	1.01	0.96
NV	1.16	1.18	1.09	1.22	0.74	0.68	0.80	0.83
NH	0.91	1.03	0.78	0.75	0.58	0.60	0.61	0.51
NJ	0.77	0.92	0.53	0.73	0.45	0.50	0.37	0.46
NM	1.33	1.37	1.25	1.35	0.92	0.85	1.00	1.00
NY	0.87	0.75	1.11	0.86	0.55	0.42	0.80	0.58
NC	1.21	1.39	0.88	1.19	0.82	0.85	0.72	0.87
ND	2.04	2.26	1.35	1.97	1.34	1.35	1.24	1.39
OH	0.92	0.98	0.83	0.85	0.61	0.59	0.65	0.63
OK	1.38	1.54	1.16	1.27	0.97	0.97	0.97	0.96
OR	1.19	1.21	1.28	1.02	0.81	0.72	1.04	0.71
PA	1.03	0.93	1.50	0.66	0.70	0.56	1.15	0.49
RI	0.58	0.56	0.54	0.67	0.37	0.33	0.39	0.46
SC	1.18	1.19	1.43	1.06	0.81	0.74	1.39	0.79
SD	1.09	1.13	0.98	1.15	0.76	0.69	0.84	0.82
TX	0.96	0.98	0.77	1.04	0.65	0.61	0.68	0.75
UT	1.11	1.22	0.96	1.02	0.74	0.74	0.74	0.74
VT	1.22	1.37	1.00	1.11	0.80	0.81	0.82	0.77
VA	1.22	1.28	1.15	1.18	0.80	0.74	0.91	0.82
WA	1.17	1.16	1.38	0.88	0.76	0.66	1.07	0.59
WV	1.16	1.19	1.27	0.99	0.80	0.74	1.08	0.75
WI	1.08	0.97	1.10	1.33	0.77	0.60	0.93	1.01
WY	1.76	1.66	2.31	1.31	1.16	0.96	1.74	0.89

SOURCE: 2012 KCMU/Urban Institute Medicaid Physician Fee Survey

Table 3: 2008 and 2012 Medicaid-to-Medicare Fee Index for ACA Primary Care Services and Estimated 2013 Fee Increase

State	Medicaid-to-Medicare Fee Index		Estimated 2013 Fee Increase	Share of Medicaid Enrollment*
	2008	2012		
US	**0.65**	**0.58**	**73%**	**100%**
RI	0.38	0.34	198%	0%
NY	0.34	0.39	156%	8%
CA	0.48	0.42	136%	18%
MI	0.58	0.44	125%	3%
NJ	0.40	0.48	109%	2%
FL	0.55	0.49	105%	5%
PA	0.58	0.51	96%	4%
IL	0.57	0.52	93%	4%
IN	0.61	0.54	87%	2%
HI	0.64	0.56	79%	0%
WI	0.64	0.56	78%	2%
OH	0.65	0.57	76%	3%
MO	0.66	0.57	76%	2%
NH	0.67	0.59	71%	0%
TX	0.69	0.60	66%	7%
ME	0.52	0.62	61%	1%
WA	0.92	0.66	52%	2%
NV	0.92	0.66	52%	0%
SD	0.83	0.67	49%	0%
GA	0.86	0.67	48%	3%
AL	0.77	0.68	47%	2%
AR	0.77	0.68	47%	1%
MA	0.78	0.68	47%	3%
MD	0.82	0.69	45%	1%
KY	0.79	0.70	44%	1%
CT	0.80	0.71	41%	1%
OR	0.78	0.72	39%	1%
NE	0.80	0.72	38%	0%
MN	0.58	0.73	36%	1%
VA	0.88	0.74	36%	2%
SC	0.86	0.74	35%	1%
WV	0.76	0.74	34%	1%
UT	0.76	0.74	34%	0%
LA	0.90	0.75	34%	2%
IA	0.89	0.75	34%	1%
AZ	0.97	0.75	33%	3%
CO	0.90	0.75	32%	1%
KS	0.91	0.77	29%	1%
DC	0.45	0.80	25%	0%
NM	0.97	0.82	22%	1%
VT	0.93	0.82	22%	0%
NC	0.95	0.85	18%	3%
ID	1.03	0.89	13%	0%
MS	0.83	0.90	11%	1%
MT	0.96	0.94	7%	0%
WY	1.15	0.96	4%	0%
OK	1.00	0.97	3%	1%
DE	1.00	0.98	2%	0%
AK	1.41	1.26	N/A	0%
ND	1.03	1.37	N/A	0%

* Enrollment in states showing 0% accounts for less than 1% of total Medicaid enrollment.
SOURCE: 2008 and 2012 KCMU/Urban Institute Medicaid Physician Fee Surveys. Enrollment data from 2009 Medicaid Statistical Information System (MSIS), available at:

Appendix A: Cumulative Percentage Change in Medicaid Fees, 2008-2012, by Type of Care

State	All Services	Primary Care	Obstetric Care	Other Services
US	**4.9%**	**3.4%**	**4.0%**	**11.5%**
AL	-0.7%	0.0%	-2.6%	0.0%
AK	20.6%	23.8%	20.6%	12.1%
AZ	-12.6%	-12.5%	-11.8%	-13.9%
AR	0.0%	0.0%	0.0%	0.0%
CA	-1.0%	-1.0%	-1.0%	-1.0%
CO	-6.3%	-4.4%	-6.1%	-11.5%
CT	-3.4%	0.0%	-12.8%	0.0%
DE	8.7%	10.9%	10.0%	1.8%
DC	69.4%	93.8%	10.3%	84.1%
FL	1.1%	0.0%	9.3%	-1.4%
GA	-6.4%	-10.8%	-2.0%	-0.8%
HI	-3.8%	-0.8%	-8.8%	-5.3%
ID	-2.6%	-2.1%	-2.1%	-4.4%
IL	7.5%	5.7%	25.6%	-1.6%
IN	-0.4%	0.0%	0.0%	-1.7%
IA	-5.0%	-5.0%	-5.0%	-5.0%
KS	-2.5%	-2.4%	0.0%	-6.0%
KY	0.0%	0.0%	0.0%	0.0%
LA	-9.8%	-7.1%	-11.5%	-15.4%
ME	24.2%	36.4%	0.0%	24.2%
MD	-3.9%	-3.4%	0.0%	-8.2%
MA	-3.9%	-3.9%	-1.7%	-7.0%
MI	-13.9%	-18.4%	-8.0%	-10.1%
MN	29.4%	58.8%	0.1%	-8.9%
MS	17.3%	22.7%	10.1%	7.8%
MO	-2.6%	-1.2%	-6.3%	-1.3%
MT	16.5%	18.9%	17.4%	9.1%
NE	-1.0%	2.2%	1.6%	-13.2%
NV	-18.0%	-17.1%	-21.9%	-15.2%
NH	-5.3%	-0.1%	-18.1%	-2.1%
NJ	1.1%	-0.3%	0.0%	6.2%
NM	-3.0%	-3.0%	-3.6%	-2.4%
NY	61.7%	39.1%	47.8%	155.7%
NC	-2.6%	0.4%	-6.9%	-5.1%
ND	56.2%	59.2%	48.2%	54.3%
OH	-0.4%	-0.3%	0.0%	-0.9%
OK	11.1%	9.6%	21.6%	0.9%
OR	3.5%	5.8%	3.2%	-2.1%
PA	-0.6%	-0.1%	0.0%	-2.2%
RI	0.0%	0.0%	0.0%	0.0%
SC	-3.8%	-3.0%	-10.5%	-3.8%
SD	-4.8%	-4.3%	-3.8%	-7.3%
TX	-1.5%	0.6%	-10.8%	-0.6%
UT	5.9%	10.5%	0.2%	1.0%
VT	2.2%	4.2%	4.1%	-5.5%
VA	3.4%	-1.9%	10.8%	7.5%
WA	-5.5%	-16.8%	10.6%	2.8%
WV	5.5%	9.4%	-0.9%	0.2%
WI	3.1%	1.1%	7.7%	2.2%
WY	0.8%	1.1%	8.3%	-10.3%

SOURCE 2008 and 2012 KCMU/Urban Institute Medicaid Physician Fee Surveys

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