

Revitalize the Medicaid Physician Network

Physicians strongly support Texas Medicaid. For 18% of Texans, it provides essential coverage for a wide range of health care services – from prenatal care and check-ups to substance abuse treatment and long-term care services.

Yet, for a growing number of enrollees, finding physicians to care for them is nearly impossible. Woefully low Medicaid payments (see Figure 1) directly correlate with an inadequate physician network. Most of Texas Medicaid's physician fee-for-service payments have not received an enduring increase in more than two decades.¹ At the same time, physician practice costs, like those for other small businesses, continue to rise. Many physicians are being forced to limit the number of Medicaid patients they accept.

Higher Medicaid payments lead to healthier Texans

Studies consistently show that higher Medicaid physician payments – combined with elimination of paperwork and payment hassles – increase access to care by expanding the number of physicians willing to accept Medicaid patients. This leads to meaningful health improvements by increasing the likelihood patients will see a physician regularly and reduces school absenteeism due to illness or injury by ensuring children obtain timely treatment.²

The Health and Human Services Commission also recognized in its Legislative Appropriations Request that low payments for office-based visits and labor and delivery services may impede access to care.

Some lawmakers argue Medicaid managed care organizations (MCOs) must solve the problem. While it is true MCOs have discretion to pay physicians more (or less), the amount they pay is ultimately tied to the fee schedule set by the state.

Thanks to Texas' Medicaid 1115 Transformation Waiver, health care sectors with a source of local tax revenue can potentially increase their Medicaid payments. However, community-based physicians who take care of Medicaid patients lack access to a tax source and must rely on lawmakers to provide the needed matching dollars.

¹ In 2007, lawmakers allocated funds to increase payments for select preventive health services for children, including well-child visits. From 2013 to 2014, federal funding temporarily raised select primary care physician payment rates to Medicare parity.

² National Bureau of Economic Research, 2019.

³ Medicare physician payment rate for the Rest of Texas geographic locality, which encompasses San Antonio, South Texas, and nonmetro counties and is the lowest amount paid by Medicare.

⁴ Texas Medicaid establishes payments for each service billed by physicians. However, Medicaid managed care organizations may contractually establish different payments, which are proprietary. TMA estimated the average commercial payment based on analysis from the Medicare Physician Payment Advisory Committee.

Payments for Routine Office Exam, Same Physician

Physician Medicaid payments are not indexed to inflation, so for each year Texas fails to increase payments, the farther Medicaid payments fall behind Medicare and commercial payers.

Medicaid
fee-for-service

\$60



Medicare
fee-for-service

\$109³



Commercial
health plan

\$129⁴



Figure 1

TMA's Legislative Recommendations

- Provide targeted Medicaid payment increases for new and established patient office exams as well as for exams especially related to women's and children's health – preventive care, maternity services, and behavioral health – raising payments to Medicare rates or better.
- Target specialty physician payment increases for services critical to improving maternal health, keeping children in school, and ensuring coordinated care for children with special health care needs.



Physicians Caring for Texans

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