How the Medicaid Provision Will Affect Physician Practices

By Marisa Torrieri [2]

Will you see a greater influx of patients at your practice? Or will more practices be forced to shut their doors to this patient population?

When the Supreme Court on Thursday morning upheld the 2010 healthcare law in a 5 to 4 decision, the fact that the insurance mandate would remain intact dominated the first round of news cycles. But perhaps more important to the practice-based physician is the high court’s treatment of the Medicaid provision.

The Medicaid expansion portion of the Affordable Care Act calls for coverage of individuals up to 133 percent of the poverty level, or an additional 17 million Americans, starting in 2014. In return, the federal government would pick up all healthcare costs for the first few years, and 90 percent of expenses after that.

In an effort to ensure that physicians don’t shut their doors to Medicaid patients for lackluster reimbursement, the health law will increase Medicaid pay to primary-care doctors to Medicare levels in 2013 and 2014, which will increase reimbursement by an average of about 34 percent, according to the American Academy of Family Physicians.

Originally, the law mandated that states that did not adopt the Medicaid expansion would no longer be eligible to receive any Medicaid funding at all. But with the high Court’s decision to let states decide whether to accept additional funding to expand their existent Medicaid programs, the future of healthcare coverage for the lowest-income citizens is no longer clear cut.

Already, governors in a number of conservative-leaning states — including Kansas, Nebraska, and South Carolina — have said they would have trouble affording any additional costs even if the federal government picks up the bulk of the tab. Others have vowed never to participate in the program. Democratic congressional leaders, meanwhile, have issued press releases espousing the merits of expanded Medicaid coverage.

In an interview with MSNBC, former CMS Administrator Donald Berwick seemed pretty confident that all states, eventually, would accept benefits and terms of the Medicaid expansion the same way all states came around to enrolling in the original Medicaid program unveiled as part of the Social Security Act of 1965.

Still, so many questions remain as to how this will play out for physician practices over the next several years. Will practices whose physicians already treat Medicaid patients see their profits fall because reimbursements for these patients are lower than for patients with Medicare or third-party insurers? Or will the influx of new patients give fledgling practices a financial boost?

Many practice docs say the Medicaid expansion is bad news all around. Wichita, Kan.-based internist George Watson opted out of Medicaid more than 10 years ago, and Medicare nine years ago, because reimbursement was affecting his ability to provide high-quality care.

"If you look at what the payments are for Medicaid right now, that’s why most doctors don’t participate,” Watson told Physicians Practice. “I’m really concerned for my peers who provide Medicaid services. It will force more doctors to drop Medicaid. So the government will say ‘you’re covered,’ but the patients can’t find a doctor who will see them.”

Ken Bradley, vice president of strategic planning for Navicure, an Internet-based medical claims clearinghouse, said practices in every state should brace themselves for a potential for increase in patients by making sure their existing technology is robust enough to handle the volume.

“It’s a fair assumption that one or more states will go along with the ACA [Medicaid provision], and Medicaid eligibility is going to increase dramatically,” Bradley told Physicians Practice. “We’re telling our practices to make sure they have all their ducks in a row. We’re making sure processing is working as well as it can, that payer response, remittance, and eligibility information is automated. We’re identifying specific Medicaid plans where there is potential for improvement in the electronic
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Published on Physicians Practice (http://www.physicianspractice.com)

claims revenue cycle process.”
But Miranda Franco, a government affairs representative for Medical Group Management Association, said it may be too early to tell how the provision will pan out.
“There is a concern that there could be a fall in physician supply,” Franco told Physicians Practice. “We’ll have this whole new population to cover, but will there be access [to care]? We’re seeing a lot of physicians saying they won’t accept more Medicare patients in this environment. You might see the same with providers, saying the same thing with Medicaid patients.”

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