



August 2, 2011

Donald M. Berwick, MD, MPP
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Proposed Medicaid Reimbursement Cuts in California

Dear Dr. Berwick:

The American College of Physicians (ACP) represents 132,000 internal medicine physicians and medical student members. Internists specialize in primary and comprehensive care of adolescents and adults—and in California internists are represented by four ACP Chapters that speak for internal medicine in the state and reflect the interests and concerns of the internal medicine specialty. This letter is intended to indicate ACP's support for the California ACP Chapter and the California Medical Association in their opposition to a 10 percent reduction in Medicaid reimbursement and a mandatory \$5 per patient co-pay in California.

As is outlined in the ACP 2011 position paper titled *Medicaid and Health Care Reform*, "Medicaid payment rates must be adequate to reimburse physicians and health care facilities for the cost of providing services, to enhance physician and other provider participation, and to ensure access to Medicaid covered services." Currently, Medicaid payment rates are abjectly low compared with Medicare and private insurance (with California Medicaid paying only 56% of Medicare rates in 2008). And, evidence has shown that low reimbursement rates are among the reasons that physicians elect not to participate in Medicaid or to limit their participation—a problem that will be more acute when approximately 16 million additional individuals nationwide become eligible for Medicaid coverage under the health care reform law. Further, 1 in 3 of these individuals is already diagnosed with a chronic condition, and many more may have an undiagnosed chronic condition. This enormous influx of beneficiaries with complex health conditions will require an increase in the supply of internists and other primary care physicians. Therefore, at a minimum, **ACP calls for Medicaid payment rates for primary care and specialists' services be permanently brought up to the level of Medicare to encourage physician participation. Any abrupt reduction in Medicaid physician reimbursement rates may endanger this patient population's already limited access to care.**

ACP recognizes maintaining adequate resources for Medicaid programs is a current and ongoing challenge faced by many States, including California—particularly with the impending implementation of the health care reform law. Therefore, **the College has called for Medicaid program stakeholders to consider alternative financing structures to ensure solvency, high quality of care, and uninterrupted access for beneficiaries, while alleviating the program’s financial pressure on states. In particular, ACP supports the adoption of the patient-centered medical home, a team-based care model that emphasizes care coordination, a strong physician-patient relationship, and preventive services. Further, the College believes that financing and delivery of care for dual-eligible beneficiaries must be reformed to improve coordination between Medicare and Medicaid, as well as among physicians and other health care providers delivering care.** Pursuing these alternative approaches to paying for and delivering care to dual-eligible and other beneficiaries with complex health conditions is more likely to result in a sustainable, high quality Medicaid program than cutting payments to physicians.

ACP encourages serious consideration of our above recommendations and comments. Please contact Shari Erickson, Director, Regulatory and Insurer Affairs, by phone at (202) 261-4551 or e-mail at serickson@acponline.org if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Virginia L. Hood". The signature is written in a cursive, flowing style.

Virginia L. Hood, MBBS, MPH, FACP
President, American College of Physicians