



## Council Work Session Summary

Meeting Date: October 10, 2016

**TITLE:** PHYSICIAN REIMBURSEMENT RATES.

**PURPOSE(S) OF DISCUSSION:**

- Inform/Update
- Direction/Guidance
- Legislative Development/Policy

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

The discussion began because of the recent opening of the new medical school, Burrell College of Osteopathic Medicine, which is a big investment that has been made within our community. Everyone has a vested interest in helping to make sure the physicians trained in the community look to stay and practice in the community once their training is complete. However, many physicians do not stay – not because our community is unattractive or unwelcoming, but because they cannot make a reasonable living. Our presentation will focus on some of the factors affecting why physicians cannot make a reasonable living in Doña Ana County (many of which go back to the way health plans operate and treat physician providers in southern New Mexico).

By: Phillip Rivera, President, Las Cruces Physician Practices

**SUPPORT INFORMATION:**

1. N/A



# Physician Reimbursement: Impact on Recruitment & Retention

October 10, 2016

# Current Challenges

- Physician Supply
- Aging Physician Labor Force
- Medicaid: expansion & reimbursement
- Good regulations, no enforcement
- FMV reimbursement
- Consequences

# Physician Supply

<b>Specialty</b>	<b>Dona Ana County Deficit</b>
Primary Care	80
Psychiatry	16
OBGYN	12
General Surgery	07
Neurology	06
All Other Specialties	10
<b>Total</b>	<b>131</b>

# Aging Physician Labor Force

New Mexico is home to the nation's oldest physician labor force.

Source: 2015 State Physician Workforce Data Book, Center for Workforce Studies

# Medicaid: expansion & reimbursement

## Dona Ana County Medicaid enrollment:

BCBS	18,852
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Molina	41,723
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Presbyterian	23,581
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United Healthcare	<u>11,356</u>
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Total	95,512
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# Medicaid: expansion & reimbursement

- 44% of Dona Ana County is now covered by Medicaid
- Medicaid reimbursement cuts on July 1, 2016 followed 8 years without an increase.
- Overall, Medicaid reimbursement is lower than Medicare and rarely covers the cost of care.
- Elimination of the Obamacare enhanced payment reduced PCP reimbursement by \$34,405/year.

# Good Regulation – No Enforcement

“Capitation Disbursement Requirements: HSD shall pay a capitated amount to the MCO for the provision of the managed care benefit package at specified rates. The monthly is based on actuarially sound capitation rate cells. The MCO shall accept the capitation rate paid each month by HSD as payment in full for services including all administrative costs associated therewith, **including gross receipts tax payable to the provider.**”

NMAC 8.308.20.9.B

# Good Regulation – No Enforcement

“The credentialing process **shall be completed within 45-calendar days** from receipt of completed application with all required documentation unless there are extenuating circumstances.

Delegation is a process whereby an MCO gives another entity the authority to perform certain functions on its behalf. The MCO is fully accountable for all pre-delegation and delegation activities and decisions made.”

NMAC 8.308.2.15 & 17

# Good Regulation – No Enforcement

Late Payment Interest: “The MCO shall pay a contracted and non-contracted provider interest on the MCO’s liability at the rate of one and one-half percent on the amount of a clean claim (based on the current Medicaid fee schedule) submitted by the participating provider and not paid within 30 calendar days of the date of receipt for an electronic claim and 45 days of receipt of a paper claims. Interest shall accrue on the 31st day for electronic and 46th day for paper claims.”

NMAC 8.308.20.9.E

# Good Regulation – No Enforcement

“Retroactive adjustments by a health care insurer or MHCP for overpayment must be made within 18 months absent health care professional miscoding, claim submission error, suspected fraud and abuse; or retroactive adjustments required by other federal or state agencies.”

NMAC 13.10.22.12.R

# Fair Market Value Reimbursement

Loss run data from area employers confirmed Albuquerque providers are receiving significantly higher commercial reimbursement than Dona Ana County providers for the same service but inexplicably, Las Cruces commercial health premiums are higher than Albuquerque.

# Consequences

- Physician supply will dwindle.
- BCOM Medical Students will not choose to stay or practice here.
- Las Cruces will no longer be one of the nation's best places to retire to.
- Major employers will not relocate to a community with inadequate healthcare
- Economic development stagnation
- Inadequate health system with insufficient physician resources to care for its community

# What We Need From You

Contact your state representative and discuss:

- Medicaid reimbursement rates must be at or above Medicare for physicians to survive in Dona Ana County.
- Health plan compliance with state regulations.
- Obtain your own loss run data and confirm what “you” are paying area providers versus other providers.

Questions?