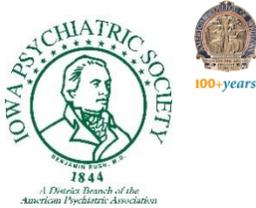




Iowa Osteopathic Medical Association



August 9, 2016

The Honorable Terry Branstad
Office of the Governor
1007 East Grand Avenue
Des Moines, Iowa 50319

Dear Governor Branstad:

Recently, you took action on HF 2460, the FY17 Health and Human Services (HHS) appropriation bill. As a part of this action, you exercised your line-item veto authority to strike provisions that had enjoyed strong bipartisan support in both chambers of the legislature, which would have prevented the Department of Human Services (DHS) from moving forward with implementing a series of physician rates cuts totaling nearly \$30 million in lost state and federal match funds. While DHS has, for the time being, chosen not to implement these rate cuts, the uncertainty surrounding the future of these payment policies is a source of further anxiety for Iowa physicians already struggling with the transition to the new IA Health Link program.

On behalf of the more than 6,800 physicians practicing in the state of Iowa, we urge you and your administration not to move forward with implementing Medicaid physician rate cuts in the current fiscal year. Additionally, we urge you to include in your FY18 budget proposal the funding necessary to continue current Medicaid payment policy for Medicare crossover claims and to continue the enhanced primary care physician rates originally authorized by Congress in 2010, and extended by the General Assembly in 2014. In a time of tremendous change for our Medicaid program, the continuation of these payment policies is vital to ensuring medical practices have the resources

necessary to ensure continued access to care for the more than 500,000 Iowans who rely on Medicaid for healthcare coverage.

Iowa physicians have long been a committed partner to the Medicaid program. As the state has sought innovation and modernization in the delivery of care to Medicaid patients through initiatives such as the State Innovation Model, the Iowa Health and Wellness Plan, and now the IA Health Link program, physicians have worked with the state, not against it, in the pursuit of successful program development and implementation. In recent years, physicians have expanded their participation in the Medicaid program despite the fact that physician payment rates remain largely stagnant. The implementation in 2013 of enhanced rates for primary care physicians brought the first meaningful Medicaid payment increase since the year 2000, raising rates for select payment codes by approximately 18%. These enhanced rates allowed many primary care physicians to increase the number of Medicaid members on their patient panels, and granted thousands of Iowans who qualified for the new Iowa Health and Wellness Plan access to care in their local communities.

As you know, the Medicaid population includes the sickest and most vulnerable patients in our state. Chief among these are the patients dually eligible for both Medicaid and Medicare coverage. Iowa physicians pride themselves on the high quality of care they provide to all patients, including those dually eligible, however, ensuring these high-need patients achieve the best quality of life possible requires additional time and resources. This is why the Medicaid program has had long-standing payment policy allowing for secondary coverage of services to dually eligible patients at Medicare rates, which come closer to covering the actual costs for providing care. Capping Medicare crossover claims at Medicaid rates would achieve minimal saving to the state while disproportionately targeting our highest-risk population of patients. If the state of Iowa wishes to reduce spending in its \$8.5 billion annual budget, there are more responsible and humane avenues to pursue than an \$8 million reduction in state funding that triggers an additional \$10.3 million reduction in federal match funding for coverage of the most vulnerable Iowans.

Governor, you are well aware that the Medicaid program is experiencing wide-spread implementation issues as we transition to the IA Health Link program. Physician practices are struggling to work with the managed care organizations (MCOs) administering the new program to receive authorizations for services, to successfully submit claims, and to receive timely and accurate payments. These issues are reducing practice productivity, increasing the burden on administrative staff, and causing great anxiety in the medical community. Despite all this, Iowa's physicians remain committed to making the new system work. Medical office staff are working extra hours, practices are flagging systematic issues and alerting the MCOs to these problems, and physicians are going the extra mile to ensure that their Medicaid patients do not experience a disruption in care.

Implementing \$30 million in Medicaid rate cuts largely at the expense of physician payments would undermine the efforts of the thousands of physicians and staff across our state who are working to be an effective partner for our Medicaid program. Iowa physicians remain committed to serving Medicaid patients. Please continue your commitment to them. Do not implement physician payment rate cuts in the current fiscal year, and include funding in your FY18 budget recommendations to continue current Medicaid physician payment policies.

Sincerely,


Paul Mulhausen, M.D.
Paul Mulhausen, MD, President
Iowa Medical Society

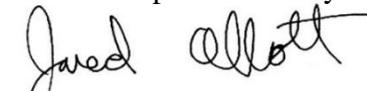

Scott Paulsen, MD, President
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Ryan Dowden, MD, President
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David Moore, MD, President
Iowa Neurological Association


Mark Hermann, MD, President
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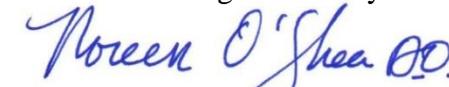

Jared Abbott, MD, President
Iowa Association of Pathologists

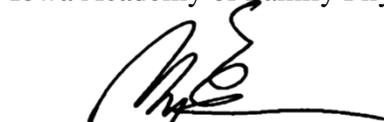

Jerry Greenfield, MD, President
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K. John Hartman, MD, President
American College of Surgeons, Iowa Chapter


Bruce Ricker, DO, President
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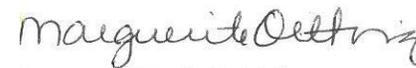

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Marguerite Oetting, MD, President
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Michael Brooks, MD, President
Rheumatology Association of Iowa

cc: Charles Palmer, Director, Department of Human Services
Nic Pottabaum, Policy Advisor