

# The Impact of Medicaid Primary Care Payment Increases in Washington State

## EXECUTIVE SUMMARY

### BACKGROUND

- Enhanced payments for primary care services provided to Medicaid patients in 2013 and 2014, authorized by the federal Patient Protection and Affordable Care Act (ACA) of 2010, expire in 2015. This study assessed how the Medicaid payment increase affected primary care providers' willingness to provide care for Medicaid patients in Washington State, how providers may respond if reimbursement rates revert to pre-2013 levels, and which strategies encourage providers to see Medicaid patients. Two complementary surveys informed the analyses: (1) a survey of the leaders of the state's 13 largest healthcare organizations, and (2) a survey of primary care physicians in smaller practices (solo or groups of 50 physicians or fewer) in a sample of 15 Washington counties.

### KEY FINDINGS

- **Who now is caring for Medicaid patients?** Most large healthcare organizations reported that 10% to 25% of their patients were covered by Medicaid only. Over 90% of primary care physicians in smaller practices provided care for patients who were covered by Medicaid only.
- **Who decides?** The degree of provider autonomy was a significant determinant of the amount of influence providers had on the decision to accept Medicaid patients in their practices. Most large healthcare organizations reported that their primary care physicians had little or no influence on this decision, which was typically made by organization leadership. A large majority of primary care physicians in smaller practices reported having at least some influence on whether or not their practice accepts Medicaid patients, but there were significant differences among physicians:
  - Of all types of primary care physicians examined, those in private practice and those who were self-employed reported having the most influence on the decision to accept Medicaid patients in their practices.
  - Rural primary care physicians in the sample perceived that they had significantly less influence than did urban primary care physicians on their practices' acceptance of Medicaid patients.
- **How aware are providers of the provisions of the Medicaid payment increase?** Respondents from large healthcare organizations were more aware of the various provisions of the Medicaid payment increase than were primary care physicians in smaller practices.
  - Primary care physicians in private practice were the most knowledgeable of all types of primary care physicians examined about the Medicaid payment increase provisions.
  - A substantial proportion of primary care physicians in smaller practices did not know that Medicaid primary care payments were required to equal Medicare rates for 2013 and 2014, and even fewer knew that managed care organizations must pay the increase to physicians.

■ **Have primary care physicians or their practices received increased Medicaid payments in 2013 and 2014?**

More than a third of primary care physicians in smaller practices were not sure whether they themselves or their practices had received the increased Medicaid payments. Fewer than half of primary care physicians reported they themselves had received increased payments, while slightly more reported that their practices had.

- Compared with urban primary care physicians, rural physicians in the sample were less likely to report that they or their practices had received increased Medicaid payments and more likely to report that they did not know or were unsure.
- Physicians in private practice and those who were self-employed were more likely than others to report that they or their practices had received the Medicaid payment increase.

■ **How has the Medicaid payment increase affected willingness to care for Medicaid patients?**

Just over a third of primary care physicians in smaller practices indicated increased willingness to accept new or continue providing care for current Medicaid patients as a result of the Medicaid payment increase. Most large healthcare organizations reported that the Medicaid payment increase had no effect on accepting new or continuing to provide care for current Medicaid patients. A majority of primary care physicians in smaller practices also reported that the payment increase had no effect on their acceptance of new patients, while nearly half of physicians reported no effect on their continuing care for current patients.

- Providers with larger numbers of Medicaid patients (and therefore likely to receive the largest total payments) reported the greatest impact of the Medicaid payment increase, indicating that it had made them both more willing to accept new Medicaid patients and to continue providing care for current Medicaid patients.
- Consistent with their greater practice autonomy, primary care physicians in private practice and those who were self-employed—compared with other physicians—also reported greater willingness to treat Medicaid patients as a result of the payment increase.

■ **What will providers do if Medicaid payment rates revert to pre-2013 levels?**

Without enhanced Medicaid payments, nearly three quarters of primary care physicians in smaller practices reported that they would restrict access for Medicaid patients in one or more ways. More than a third expected to stop accepting new Medicaid patients, and about a third expected to limit acceptance of new Medicaid patients. About one in five primary care physicians reported they would reduce or stop seeing current Medicaid patients. Most large healthcare organizations and about a quarter of primary care physicians in smaller practices expected to make no changes in the number of Medicaid patients they treat if the payment increase is discontinued in 2015.

- Primary care physicians in private practice and those who were self-employed reported more often than other physicians that loss of the increased Medicaid payments would cause them to either reduce the number of, or stop seeing, current Medicaid patients or stop accepting new ones. By comparison, primary care physicians who were not in private practice or self-employed were more likely to report that they did not make this decision.
- Rural were less likely than urban primary care physicians in the sample to report they would reduce or stop providing care for current or new Medicaid patients without the increased Medicaid payments.
- Primary care physicians caring for larger numbers of Medicaid patients were also less likely than others to say they would change their behavior without the increased Medicaid payments.

■ **Are there Medicaid program changes that would encourage providers to care for Medicaid patients?**

Primary care physicians in smaller practices indicated that they would be more encouraged than large healthcare organizations by each of the six hypothetical changes in the Medicaid program examined in this study.

- Raising Medicaid rates to commercial insurance levels, receiving a payment increase for complex Medicaid patients, and continuing increased primary care payments beyond 2014 topped the list of desired changes for both large healthcare organizations and primary care physicians in smaller practices.

- Improved access to specialists for referral of complex patients was also attractive to about half of primary care physicians in encouraging them to continue seeing or accept new Medicaid patients.
- Administrative improvements in the form of faster payment and less paperwork were desirable but less popular than payment increases. Primary care physicians with larger numbers of Medicaid patients and those who were not self-employed were more encouraged than other providers by faster payment.
- Continuing the payment increase beyond 2014 was particularly attractive to primary care physicians with more Medicaid patients.

## CONCLUSIONS AND POLICY IMPLICATIONS

Primary care physicians with more autonomy in the form of self-employment or private practice reported having a greater amount of influence on whether their practices accepted new Medicaid patients, greater awareness of the ACA Medicaid enhanced payment provisions, and higher susceptibility to the impact of the incentive than other physicians. Compared with urban providers in the sample counties, rural providers' choices appeared more constrained: they perceived themselves as having less influence on the decision to treat Medicaid patients, reported more often not receiving or not knowing if they had received the increased payments, and reported less likelihood of reducing or stopping care for Medicaid patients without the incentive.

This study found that some providers lacked awareness of a key provision requiring that increased payments be passed on to the individual provider. The fact that many physicians did not report receiving increased Medicaid payments, or did not know if they had, raises the possibility that some providers did not receive payments for which they were eligible. Alternatively, if all eligible providers did receive the increased payments, the lack of knowledge suggests a missed opportunity for providers to appreciate the benefit to their practices. These findings indicate a need for greater awareness of the incentive and the requirement that it benefit individual providers in order to fully realize the incentive's potential of increasing Medicaid patients' access to primary care services.

While both large healthcare organizations and numerous primary care physicians in smaller practices expressed willingness to continue caring for Medicaid patients even without the increased payment, in spite of the possible financial strain, others reported that the financial hardship would cause them to change how their practice handles Medicaid patients. This study found that nearly three quarters of primary care physicians in smaller practices would stop or limit their acceptance of new Medicaid patients or stop or limit care for current Medicaid patients if the payment increase ends in 2015. Underscoring the importance of adequate remuneration, the vast majority of providers indicated that various forms of higher reimbursement rates could encourage them to continue seeing current Medicaid patients or accept new Medicaid patients.

As the numbers of Medicaid patients increase in Washington via the Medicaid expansion enabled by the ACA, some patients may find access to primary care services restricted if ending enhanced payments causes some primary care physicians to limit or curtail care for Medicaid patients. Should this happen, the ACA's goal of expanding access to care for vulnerable populations will be difficult to achieve.

## SUGGESTED CITATION

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# The Impact of Medicaid Primary Care Payment Increases in Washington State

## BACKGROUND

Low Medicaid reimbursement rates are frequently cited as the main reason that physicians are reluctant to provide care for Medicaid patients.<sup>1</sup> One study found that, in 2012, Medicaid fees for primary care services nationally averaged 59% of Medicare fees, down from 66% in 2008.<sup>2</sup> To address this disparity in remuneration and encourage providers to care for Medicaid patients, the federal Patient Protection and Affordable Care Act (ACA) of 2010 provided a payment increase for primary care services to Medicaid patients for the years 2013 and 2014, with Medicaid rates rising to equal Medicare reimbursement rates.<sup>3</sup> The federal government covers the full cost of this increase in all states.

Family medicine, general internal medicine, and pediatric physicians, and subspecialists in these fields, qualify for the payment increase, as well as physicians whose claims in the previous calendar year were at least 60% for primary care services as defined in the law. Physician assistants and nurse practitioners working under supervision of an eligible physician qualify for the payment increase under the ACA; in addition, the Washington legislature appropriated funding so that nurse practitioners in independent practice also could receive a limited rate increase from July 2013 through December 2014. Managed care organizations must pass on the full amount of the Medicaid payment increases to eligible individual providers whether directly or through a capitated arrangement. Providers in federally qualified health centers (FQHCs), federally qualified rural health clinics (RHCs), and similar settings that already participate in federal enhanced reimbursement rate programs do not qualify for the increase. Estimates of the fee increase for eligible physicians in Washington ranged from 52% over 2009 Medicaid rates, the year on which the increase was based<sup>4</sup> to about 70% for children's services and about 80% for adult services, for all eligible codes.<sup>5</sup>

The Washington State Health Care Authority funded this study to assess the impact of the Medicaid payment increase on primary care providers' willingness to provide care for Medicaid patients in Washington State.

## METHODS

The study consisted of two surveys in fall 2014. The first survey captured the perspectives of primary care physicians in solo and small group practices of 50 physicians or fewer in a sample of 15 Washington counties (shown in Figure 1), with a response rate of 71.7%. Results are reported for the 230 primary care physicians (84.6% of all respondents) in these smaller practices whose specialties were family medicine, general internal medicine, or pediatrics; who reported providing direct patient care in Washington since January 1, 2013; and who had a main practice site that was not an FQHC or RHC (facilities not eligible for the payment increase). The second survey was directed at leaders of the state's 13 largest healthcare organizations, with a response rate of 53.8%. Detailed study methods can be found in the Technical Appendix.

# RESULTS

## Primary care physician demographics.

Primary care physician demographics were as follows (not asked in the survey of large healthcare organizations about their providers):

- Gender: 38.0% female, 62.0% male.
- Race and ethnicity: 85.0% non-Hispanic white.
- Ages ranged from 33 to 78, with an average and median age of 53.

## Practice characteristics.

Practice characteristics as reported by primary care physicians and by large healthcare organizations were as follows:

- Large healthcare organizations had an average of 187 family medicine, general internal medicine, and pediatric physicians providing primary care services in Washington facilities, representing a total of 1,309 physicians across all responding organizations.
- A majority of primary care physicians in smaller practices were family medicine physicians (61.3%), followed by pediatricians (25.2%), and general internists (13.5%) (detailed specialty of physicians not asked of large healthcare organizations).
- A large majority of primary care physicians (94.0%) reported that more than 75% of their time in direct patient care was spent providing primary care during their last typical work week.
- Primary care physicians reported that their main practice sites were as follows: 85.3% private practice, 10.6% hospital affiliated clinic, 4.1% other. Large healthcare organizations reported the following types of facilities: Rural Health Clinics (1 organization), hospital-affiliated clinics (3 organizations), and non-hospital-affiliated clinics (5 organizations).
- More primary care physicians were self-employed in solo or group practices (69.4%) than salaried (20.4%). 10.2% reported other employment arrangements (e.g., hourly or locum tenens). Five large healthcare organizations reported that salaried employment was the most common

Figure 1. Washington counties of primary care physicians in smaller practices\* in the study

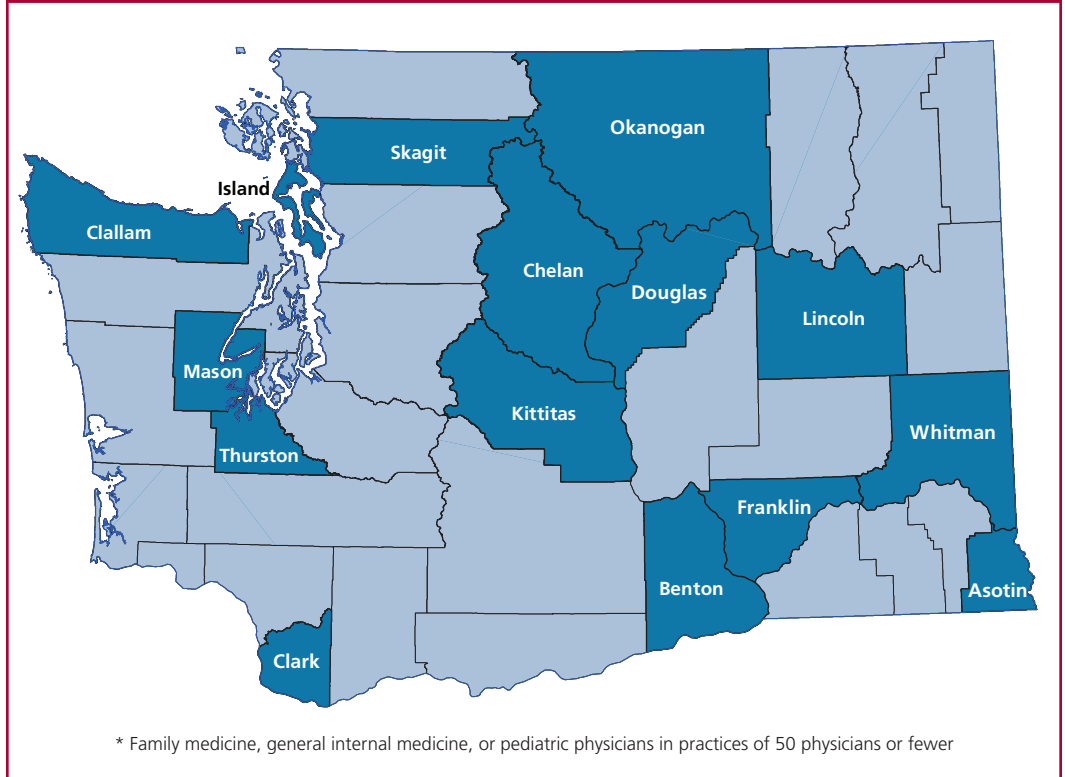


Table 1. Percentage of patients covered by Medicaid only

	Primary care physicians*	Large healthcare organizations
None	6.7%	0.0%
Less than 10%	32.4%	14.3%
10%-25%	28.9%	71.4%
26%-50%	15.6%	14.3%
More than 50%	10.2%	0.0%
Don't know/not sure	6.2%	0.0%
Total	100.0%	100.0%

\* Family medicine, general internal medicine, or pediatric physicians in practices of 50 physicians or fewer

arrangement with primary care physicians in their Washington facilities, and two reported other employment arrangements.

- Over 90% of primary care physicians provided care for patients who were covered by Medicaid only; Medicaid patients made up less than 10% to 25% of all patients in about 60% of practices (Table 1). Nearly three quarters of large healthcare organizations (71.4%) reported 10% to 25% of their patients were covered by Medicaid only.

**How much influence do primary care physicians have on whether or not to accept Medicaid patients, and who makes this decision in large healthcare organizations?**

- 82.1% of primary care physicians in smaller practices reported that they had “some” or “a great deal” of influence on whether or not their main practice sites accepted new Medicaid patients. In contrast, about half as many large healthcare organizations (42.9%) reported that their primary care physicians had “some” or “a great deal” of influence.
- Most large healthcare organizations (71.4%) reported that the organization’s leadership decided whether to accept Medicaid patients into primary care; in one case that decision also involved practice leaders, administrators, or medical directors. One organization reported that the decision was made solely by practice leaders, administrators, or medical directors. One organization reported that primary care physicians, along with practice leaders, administrators, or medical directors, made the decision.
- Rural primary care physicians (who in this sample were less likely than urban physicians to be in private practice or self-employed) perceived they had significantly less influence than urban providers on their practice’s acceptance of new Medicaid patients: 72.8% of urban primary care physicians, compared with 46.3% of rural primary care physicians, reported they had “a great deal” of influence on this decision.
- Primary care physicians in private practice were far more likely than other primary care physicians to perceive they had “a great deal” of influence on the practice’s acceptance of Medicaid patients (76.6% vs. 9.7%).
- Self-employed primary care physicians (in solo or group practices) were more than three times as likely as other primary care physicians to report having a great deal of influence on whether their main practice site accepts Medicaid patients (86.1% vs. 24.6%).

**How aware are primary care physicians and healthcare organization respondents of the provisions of the Medicaid payment increase?**

- Not surprisingly, a larger percentage of respondents from large healthcare organizations were aware of each provision of the payment increase than primary care physicians (Table 2).
- Among primary care physicians,

**Table 2. Percentage of providers aware of Medicaid payment increase provisions**

Were you aware of the following provisions of the Medicaid payment increase?	Yes, I was aware	
	Primary care physicians*	Large healthcare organizations
Family medicine, general internal medicine, and pediatric physicians, as well as subspecialists in these fields, qualify for the Medicaid payment increase.	70.4%	100.0%
Medicaid payments must be at least equal to Medicare payments for the above primary care services.	57.8%	100.0%
The Medicaid payment increase is for services provided in 2013 and 2014 only.	54.0%	85.7%
The Medicaid payment increase will end in 2015 without new legislation to continue it.	51.1%	85.7%
Managed care organizations must pay physicians the Medicaid payment increases (whether directly or through a capitated arrangement).	41.7%	85.7%
Providers in federally qualified health centers (FQHCs), rural health clinics (RHCs), and similar settings do not qualify for the payment increase.	20.3%	71.4%

\* Family medicine, general internal medicine, or pediatric physicians in practices of 50 physicians or fewer

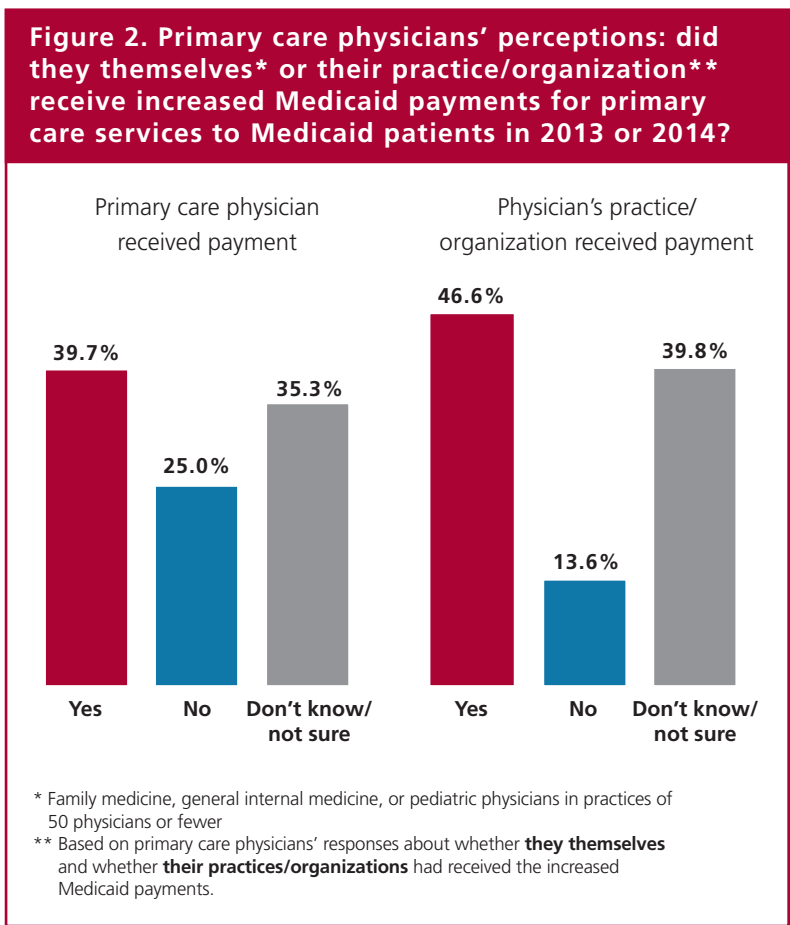


awareness of qualifying specialties was high (70.4%), but fewer than 60% knew that Medicaid primary care payments had to equal Medicare rates or that the increase was only in effect in 2013 and 2014 and would soon end. Fewer than half of primary care physicians (41.7%) knew that managed care organizations must pay the increases to physicians.

- Rural primary care physicians were less often aware than urban primary care physicians (24.5% vs. 47.1%) that managed care organizations must pay physicians the Medicaid payment increases.
- Primary care physicians in private practice had significantly greater knowledge than other primary care physicians of most provisions of the payment increase (the difference in awareness ranged from 20 to 29 percentage points), except that it would end in 2015 and that providers in FQHCs and RHCs do not qualify for the increase.

**Have primary care physicians or their practices received increased Medicaid payments for primary care services provided in 2013 or 2014?**

- More than a third of primary care physicians did not know or were not sure if they (35.3%) or their practices or organizations (39.8%) had received increased Medicaid payments (Figure 2). 39.7% of primary care physicians reported that they had received the increased payments while 46.6% reported that their practices had.
- More rural than urban primary care physicians reported they did not know or were not sure if their practices had received the increased payments (53.7% vs. 35.3%). Correspondingly fewer rural than urban primary care physicians reported that their practice or organization received the payments (31.5% vs. 51.5%).
- Many more primary care physicians in private practice than other primary care physicians reported they (44.6% vs. 9.4%) or their practices (51.4% vs. 19.4%) had received the payments.
- More than twice as many self-employed primary care physicians reported receiving the payment increase themselves than other primary care physicians (48.3% vs. 22.9%).
- Half (50.0%) of primary care physicians who were not self-employed reported not knowing if their organization had received the payment, compared with 34.0% of self-employed primary care physicians.



**How has the Medicaid payment increase affected primary care physicians and large healthcare organizations' willingness to accept new or continue providing care for current Medicaid patients?**

- Among primary care physicians in smaller practices who played a part in making the decision (nearly 90% of respondents), 34.2% indicated the payment increase had increased their willingness somewhat or greatly to accept new Medicaid patients, 60.3% indicated the increase in payment had no effect, and 5.5% reported decreased willingness.
- 40.5% of primary care physicians reported somewhat or greatly increased willingness to continue providing care for current

Medicaid patients because of the payment increase, 52.5% indicated it had no effect, and 7.0% reported decreased willingness.

- Figure 3 shows that more than twice as many primary care physicians with majority Medicaid practices, compared with other primary care physicians, indicated the payment increase had increased their willingness to continue providing care for current Medicaid patients (78.9% vs. 37.6%) and to accept new Medicaid patients (68.4% vs. 29.9%).

- Self-employed primary care physicians indicated more often than other physicians that the enhanced payment had increased their willingness to continue providing care for current Medicaid patients (46.3% vs. 24.5%).

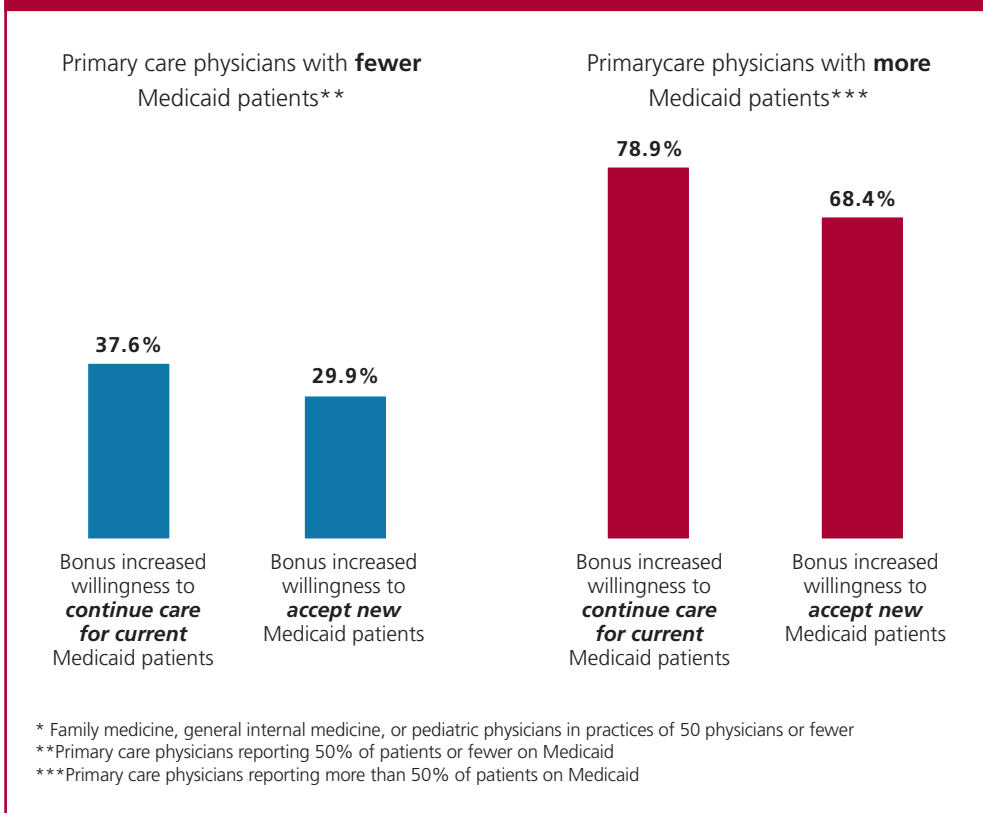
- A large majority of large healthcare organizations reported that the Medicaid payment increase had no effect on their acceptance (5 of 7 organizations) or continuing care (6 of 7) of Medicaid patients, offering the following comments:

*While we support increase payments to primary care (for every line of business) as good public policy, the rates we receive for primary care services from CMS and HSA [sic] for Medicaid are not significant enough to alter our overall willingness to accept Medicaid patients. It is far more important to improve the global capitation rates and end the tiering (Medicaid, Medicare, commercial, etc.) that requires cost shifting to occur.*

*No difference. We are in a part of the state where if we do not do it, there is no one else. We can't stop providing the care. We will lose the communities trust.*

*With the adult Medicaid expansion our % of Medicaid increased...in 2014. The temporary nature and minimal impact of the current Medicaid increase is not enough to sustain a practice with this high % of Medicaid particularly when the typical practice has about 4% Medicaid. We are committed to taking our share of Medicaid based on community standards. Taking more than that will result in a lack of sustainability particularly given the reductions by the state in Medicaid payments over the last few years. With a tight state budget and the McCleary decision we have no expectation that Medicaid payments will improve markedly.*

**Figure 3. Effect of enhanced Medicaid payments on primary care physician\* willingness to care for current or new Medicaid patients**





...we have treatment of the underserved as a key part of our mission. The increased payment made that less of a financial burden but did not change our mission or perspective. It would, of course, be very helpful to maintain the supplemental payments but we are prepared to continue caring for Medicaid patients.

- One organization reported that the enhanced payment had somewhat increased both willingness to accept new and to continue providing care for current Medicaid patients:

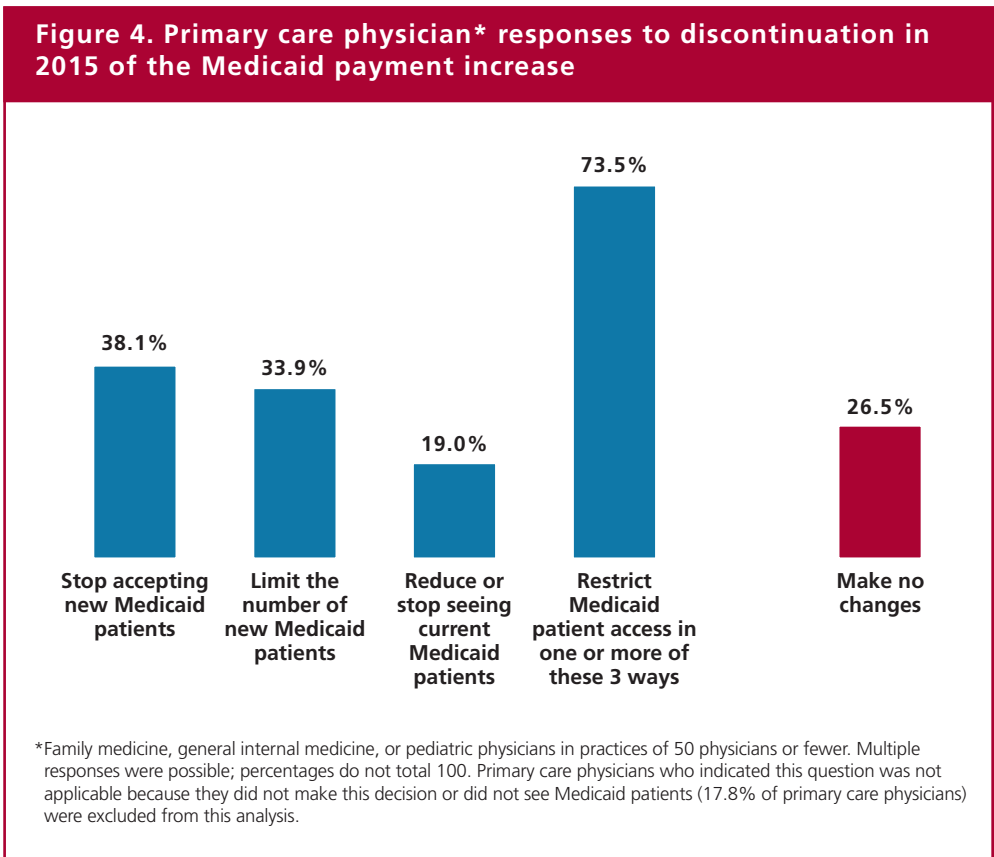
*This provision has helped by making our community providers more willing to see these patients. Prior to the establishment of this opportunity many of them were refusing to see them. As a result our employed providers were seeing higher and higher percentages of Medicaid patients which made their workday more complex due to the greater social and care management needs of this population. This has helped to alleviate some of that strain.*

- Another organization reported that the enhanced payment had decreased greatly the willingness to accept new patients:
 

*Even with the temporary increase in payment for Medicaid patients, the increased numbers of patients on Medicaid coming to us has [sic] been a significant financial burden to the point that even if we get an extension of the par payment we will have to limit our NEW Medicaid. This has been a significant financial hit to our organization.*
- Two organizations reported that the temporary nature of the payment increase had decreased somewhat or greatly their willingness to treat Medicaid patients.

**What will primary care physicians and large healthcare organizations do if Medicaid payment drops back to pre-2013 levels beginning in 2015?**

- If the Medicaid payment increase is discontinued in 2015, 26.5% of primary care physicians said they would make no changes (see Figure 4), compared with 71.4% of large healthcare organizations (not shown). Other primary care physicians said they would stop accepting (38.1%), limit the number of new (33.9%), or reduce or stop seeing current (19.0%) Medicaid patients (multiple responses were possible). The proportion of primary care physicians in smaller practices who reported that they would restrict access to new or current Medicaid patients in one or more of these three ways was 73.5%. No large



healthcare organizations indicated they would stop accepting new Medicaid patients, but one expected to limit the number of new, or reduce or stop seeing current, Medicaid patients.

- Rural primary care physicians were less likely than urban primary care physicians to report they would stop accepting new Medicaid patients (24.4% vs. 42.4%) or reduce or stop seeing current Medicaid patients (6.7% vs. 22.9%) if the payments drop back to pre-2013 levels.
- Primary care physicians in private practice were more likely than others to indicate they would reduce or stop seeing current Medicaid patients (22.1% vs. 0.0%), and less likely to report they would make no changes (24.8% vs. 47.4%).
- Primary care physicians that were not in private practice were much more likely to indicate that they did not make the decision about whether or not to provide care for current or new Medicaid patients (50.0% vs. 5.4%).
- Primary care physicians with majority Medicaid practices, compared with other primary care physicians, were less likely to say they would stop accepting new Medicaid patients (15.8% vs. 43.4%).
- More self-employed than other primary care physicians reported they do not see Medicaid patients (8.3% vs. 0.0%), though the number was quite small. More primary care physicians who were not self-employed reported they do not make this decision (34.1% vs. 1.3%). Half (50.0%) of primary care physicians who were not self-employed reported they would make no changes if payments return to pre-2013 levels, compared with 18.9% of self-employed primary care physicians. Instead, self-employed primary care physicians reported more often than other primary care physicians that they would stop accepting new Medicaid patients if payment levels drop back to pre-2013 levels (45.5% vs. 17.4%).
- Several comments from primary care physicians indicate that losing the increased payments would create considerable strain, even motivating some to retire or leave medical practice:

*We have historically had an open door to any and all patients on Medicaid. With unavoidable overhead increase this will have to stop if enhanced payments do not continue. Without them I would have no income some months. Some months the enhanced payment check is my only income.*

*This would make it increasingly difficult but I will continue to see those patients as long as I can.*

*Strongly consider retirement.*

*Retirement if can't pay my expenses. I stayed in business because of the Affordable Care Act.*

*Join the National Forest Service and stop practicing.*

- One organization commented that “as long as there is any way financially to be able to afford to provide the care we will.”

### **Which Medicaid program changes would encourage primary care physicians and large healthcare organizations to continue seeing or to accept new Medicaid patients?**

- Primary care physicians endorsed all hypothetical Medicaid program changes more strongly than large healthcare organizations did (see Table 3). A large majority of both primary care physicians (83.6%) and large healthcare organizations (71.4%) reported that raising Medicaid payment rates to commercial insurance levels was “very likely” to encourage them to continue seeing or accept new Medicaid patients. Few large healthcare organizations endorsed other program changes as “very likely” to encourage providing care for Medicaid patients. In contrast, more than half of primary care physicians indicated that receiving a payment increase for complex patients, continuing the primary care payment increase beyond 2014, and having access to specialists for referral of Medicaid patients were “very likely” to encourage providers to continue to see or accept new Medicaid patients. More than a third of primary care physicians endorsed reducing Medicaid paperwork and reducing the waiting time for payment as “very likely” to encourage them.
- Primary care physicians with majority Medicaid practices, compared with other primary care physicians, indicated more often that reducing the waiting time for Medicaid payment (60.0% vs. 26.8%) and continuing the payment increase beyond 2014

(80.0% vs. 49.1%) would make them “very likely” to continue to see or accept new Medicaid patients.

- Primary care physicians who were not self-employed were more likely than the self-employed to report that reducing the wait time for Medicaid payments would “very likely” encourage them to continue to see or accept new Medicaid patients (46.5% vs. 29.9%).

## LIMITATIONS

Study findings reflect the perceptions of the respondents, which may be

subject to various biases. Because 6 of 13 large healthcare organizations did not respond to the survey, it is unknown to what extent findings are generalizable to all the largest organizations in the state. Primary care physicians were sampled only from smaller practices of 50 physicians or fewer in a subset of Washington counties. Nurse practitioners and physician assistants who were eligible to receive enhanced Medicaid primary care payments were not included in this study.

## CONCLUSIONS AND POLICY IMPLICATIONS

All large healthcare organizations and nearly all primary care physicians in smaller practices responding to the surveys reported providing care for patients covered only by Medicaid. Physician autonomy was a strong determinant of perceived physician influence on whether to see Medicaid patients: those who were self-employed or in private practice reported a greater amount of influence on this decision than others. Rural primary care physicians, however, were less likely than urban physicians to be in private practice or self-employed, and they perceived that they had significantly less influence than urban physicians on whether or not to treat Medicaid patients.

Understanding of the ACA provisions for increased Medicaid payments varied substantially: primary care physicians in private practice were the most knowledgeable, and large healthcare organizations were better informed than primary care physicians in smaller practices overall. Some physicians were clearly not aware that enhanced Medicaid payments should be paid directly to the individual providers, and indeed, some did not know if they had received the payments, particularly rural physicians and those who were not self-employed. A comment by one large healthcare organization seemed to indicate a lack of understanding that the increased payments must be paid to the individual physician providing eligible primary care services.

These findings suggest either that some individual physicians may not be receiving the Medicaid primary care incentive as intended or that paychecks lack sufficient detail to indicate or emphasize clearly the origin of these payments. Given that just over a third of primary care physicians in smaller practices reported that the increased payment had made them more willing to

**Table 3. Medicaid program changes that were “very likely” to encourage providers to continue seeing or accept new Medicaid patients**

How likely is it that the following changes would encourage you/your organization to continue seeing or to accept new Medicaid patients?	“Very likely”	
	Primary care physicians*	Large healthcare organizations
Raising Medicaid payment rates to commercial insurance levels	83.6%	71.4%
Receiving a payment increase for complex Medicaid patients	62.3%	28.6%
Continuing the Medicaid primary care payment increase beyond 2014	54.5%	28.6%
Having greater access to specialists for referral of Medicaid patients	52.2%	14.3%
Reducing Medicaid paperwork	41.4%	14.3%
Reducing the waiting time for Medicaid payment	33.7%	14.3%

\* Family medicine, general internal medicine, or pediatric physicians in practices of 50 physicians or fewer

see Medicaid patients, the impact of the payment increase might have been more widespread with greater awareness of the benefit to individual providers.

Large healthcare organizations and many primary care physicians across the state—particularly rural physicians and those already caring for more Medicaid patients—expressed their commitment to providing care for Medicaid patients even with reduced remuneration, despite the financial strain this could cause after the end of the program. Others reported that the loss of remuneration would lead them to make changes: nearly three quarters of primary care physicians in smaller practices reported that they would stop or limit their acceptance of new Medicaid patients or stop or limit care for current Medicaid patients when the payment increase ends in 2015. A consistent finding pointing again to the importance of adequate remuneration was that the vast majority of providers indicated that various forms of higher reimbursement rates could encourage them to continue seeing current Medicaid patients or accept new Medicaid patients.

Some newly enrolled as well as current Medicaid patients may find it difficult to access primary care services if the loss of enhanced payments causes some primary care physicians to limit or curtail care for Medicaid patients. Should this happen, the goal of expanding access to care for vulnerable populations via the Medicaid expansion under the ACA will be difficult to achieve. The financial strains of caring for Medicaid patients were expressed by both primary care physicians and large healthcare organizations, resulting in uncertainty about how far into the future that care could continue without movement to reimburse care for Medicaid patients at levels closer to commercial reimbursement rates.

## TECHNICAL APPENDIX

The study consisted of two surveys in fall 2014: (1) a survey of primary care physicians in smaller practices, and (2) a survey of leaders of the state's largest healthcare organizations. The Washington State Medical Association (WSMA) provided contact information for both survey samples.

***Survey of Washington primary care physicians in smaller practices.*** The University of Washington Center for Health Workforce Studies (UW CHWS) contracted with the Washington State University Social and Economic Sciences Research Center to conduct a mail and web survey of all 397 eligible primary care physicians (family medicine, general internal medicine, and pediatric physicians) in solo or group practices (practice size of 50 physicians or fewer) from a sample of 15 Washington counties<sup>6</sup> chosen to represent rural and urban areas around the state.

Compared with Washington's total population, the population demographics of the sample counties were quite similar overall according to U.S. Census Bureau estimates for 2013.<sup>7</sup> State versus sample counties' population statistics were as follows: non-Hispanic white, 71% vs. 76%; living in poverty, 12.9% vs. 13.9%; under 18 years of age, 22.8% vs. 23.8%; and over 65 years of age, 13.6% vs. 15.2%.

Survey questions assessed basic practice characteristics, physician awareness of the payment increase, its impact on Medicaid enrollment in the practice, how the increase's discontinuation in 2015 would likely impact future Medicaid enrollment, and other factors that might encourage providers to care for Medicaid patients. Potential respondents received paper questionnaires by U.S. Postal Service Priority Mail that included a \$20 cash incentive, a postcard reminder, and a second questionnaire mailing. Respondents were also provided a web link to take the survey online if desired. The final response rate was 71.7%.<sup>8</sup> A copy of the questionnaire is available at <http://depts.washington.edu/fammed/system/files/WAMedicaidIncreasePhysicianQuestionnaire2014.pdf>.

An analysis comparing respondents and nonrespondents found no statistically significant differences in practice size, rurality, or the proportion of family medicine physicians. There were proportionally more pediatricians (22.3% vs. 9.8%) and fewer internal medicine physicians (15.3% vs. 23.6%) among respondents compared with non-respondents.

Results are reported for the 230 primary care physicians (84.6% of all respondents) in these smaller practices whose specialties were family medicine, general internal medicine, or pediatrics; who reported providing direct patient care in Washington since January 1, 2013; and who had a main practice site that was not an FQHC or RHC (facilities not eligible for the payment increase). Statistical analyses compared the responses of different groups of primary care physicians on items about awareness of the Medicaid payment increase, receipt of payments, impact of payments, and strategies to encourage providers to see Medicaid patients. Comparison groups included urban vs. rural<sup>9</sup> primary care physicians, those in private practice vs. all others, those with more than 50% of patients covered by Medicaid vs. 50% or fewer, and the self-employed vs. all others. Only statistically significant differences (at  $p < .05$ ) are reported.

**Survey of Washington state's large healthcare organizations.** UW CHWS collaborated with WSMA to survey the 13 largest healthcare organizations. WSMA emailed a web survey to organization leadership, such as chief medical officers or chief executive officers, asking them to direct the questionnaire to the person in the organization most involved in deciding how many Medicaid patients the group accepts. Two survey invitations were emailed, with telephone follow-up of nonrespondents, followed by a third email invitation. The survey content was similar to that of the primary care physician survey. Seven of 13 organizations responded for rate a 53.8%. A copy of the questionnaire is available at <http://depts.washington.edu/fammed/system/files/WAMedicaidIncreaseOrgQuestionnaire2014.pdf>.

Unless otherwise indicated, results for “primary care physicians” refer to primary care physicians who responded to the survey of smaller practices, and results for “large healthcare organizations” refer to the respondents to the survey of the largest Washington healthcare organizations.

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7. U.S. Census Bureau: State and County QuickFacts: <http://quickfacts.census.gov/qfd/states/53000.html>.
8. 13 questionnaires were undeliverable, and 2 respondents were ineligible. Of the remaining 382 physicians, 274 returned questionnaires.
9. According to the Rural-Urban Commuting Area (RUCA) codes version 3.1 ZIP codes approximation: <http://ruralhealth.und.edu/ruca> (more information about the ZIP code RUCA approximation is available at <http://depts.washington.edu/uwruca/ruca-approx.php>).

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