

Every Patient Deserves

a

Doctor

**Improving Access
to Care
For Medi-Cal Patients**

Prepared by



The California Medical Association

Physicians Dedicated to the Health of Californians

April 2001

Improving Access to Care For Medi-Cal Patients

**“More than half of Medi-Cal patients have difficulty finding
Doctors...”**

Medi-Cal Policy Institute

**“Physician fee levels affect both access and outcomes for
Medicaid patients.”**

Urban Institute

**Medi-Cal rates have declined by more than 50% in real dollars
since 1985.**

**Nearly half of Medi-Cal recipients are enrolled in Managed
Care where the capitation rates rank 50th in the nation. 61% of
these patients have trouble finding a doctor.**

**The other half of Medi-Cal patients are in the fee-for-service
program where the rates rank 40th in the nation. 56% of these
patients have difficulty finding a doctor.**

Medi-Cal Policy Institute

Improving Access to Health Care for Medi-Cal Patients

Executive Summary

Through California's Medi-Cal program, physicians offer essential health care services to many of our poorest and most vulnerable patients, including children, the disabled and elderly in nursing homes. However, access to quality health care in the Medi-Cal program is steadily decreasing as provider reimbursement rates decline. Until two years ago, most physicians rates had not been updated for 13 years.¹ While the Fiscal Year 2000-01 budget provided a desperately needed and long overdue increase in physician rates, Medi-Cal payments to physicians are still well below the average rates paid in other states. As a result, rates do not cover the costs of providing services and physicians are discouraged from participating in the program.

THE PROBLEM

Access to Care:

- **56% of Medi-Cal patients report difficulty finding doctors who accept Medi-Cal.**
- 61% of Medi-Cal patients enrolled in managed care report difficulty finding doctors.
- 94% of patients agree that it is important to get more doctors in the program.
- Several parts of the state report critical shortages in specialty care so that Medi-Cal patients need to travel an hour or more to receive care.
- The Urban Institute concluded that doctor's fee levels affect access to care.

Low Reimbursements:

- **California ranks in the bottom 1/3 of all states in overall health care spending per patient.**
- **California ranks 40th out of 51 states in fee-for-service payments to physicians.**
- **Medi-Cal capitation rates rank 50th - the lowest in the nation.**
- Pass-through of Medi-Cal rate increases to physicians from health plans is not mandated and inconsistent.
- Medi-Cal rates for many essential office services are only 43% of Medicare reimbursements and less than 50% of commercial published rates.
- Decreasing reimbursement in the private sector, in the face of increased practice costs means that physicians who have provided service to Medi-Cal patients at a loss can no longer afford to do so.
- Adjusting for inflation, and taking into account recent rate increases, Medi-Cal rates have declined by more than 50% since 1985.
- The FY 2000-01 rate increase has not resulted in sufficient increases for many essential services, such that access significantly improved.

THE SOLUTION

CMA urges the Legislature to increase physician rates by 20%.

¹ In 1998, physicians received 10-20% increases in primary care office visits and in 1999 a restoration of previous cut backs in surgery, anesthesia and radiology.

IMPROVING ACCESS TO HEALTH CARE FOR MEDI-CAL PATIENTS

WHO DOES MEDI-CAL SERVE?

- 5 million Medi-Cal patients
- 55% are children
- 1.4 million are blind and disabled
- 129,000 are pregnant women
- 2/3 of the poor elderly requiring skilled nursing services

Children

The Medi-Cal program provides essential health care services, including preventive and primary care, to many of California's most vulnerable people. Many Medi-Cal children are disabled or suffer from cancer, hemophilia or other serious illnesses. Other Medi-Cal eligible children have been abused or neglected and live in foster families. However, most Medi-Cal eligible children are simply from families too poor to be able to afford even the most basic health care services - check-ups and treatment for common childhood illnesses such as ear infections.

Disabled Adults and Elderly

Medi-Cal also serves 1.4 million blind and disabled adults who suffer from complex conditions that are difficult to treat. The aged, blind and disabled account for 27% of all Medi-Cal eligibles. These are individuals too poor to afford health services, who receive crucial health services through the Medi-Cal program. Finally, two-thirds of all the poor elderly requiring skilled nursing services receive such services through Medi-Cal.

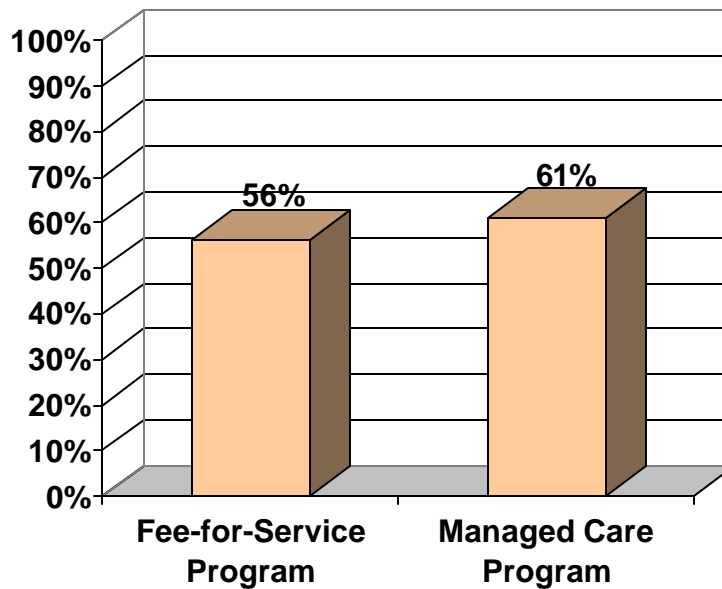
ACCESS TO CARE

Inadequate Rates → Reduce Physician Ability to Participate = Barriers to Care

There is significant data that demonstrates serious access to care problems in both the Medi-Cal fee-for-service and managed care programs.

- The Urban Institute recently concluded that physician fee levels affect both access and outcomes for Medicaid patients.
- More than half of Medi-Cal patients report difficulty finding doctors who accept Medi-Cal.
- 61% of Medi-Cal patients enrolled in health plans report difficulty finding doctors.

Access to Care: Percent of Medi-Cal Patients Reporting Difficulty Finding Doctors



ACCESS TO CARE

If patients have better access to care in doctors' offices, preventive care would be provided which prevents costly and potentially life threatening illnesses, reduces the use of the emergency room and thus saves the State dollars and helps patients avoid more serious medical conditions.

I. Low Rates Affect Access to Care

Studies show that the extremely low Medi-Cal rates are negatively impacting physicians' ability to accept Medi-Cal patients creating access problems. In the 2001 State Legislative Analysts' Office (LAO) report on setting Medi-Cal physician rates, the LAO cited an Urban Institute Report that found that:

“Physician fee levels affect both access and outcomes for Medicaid patients.”

“...children enrolled in Medicaid Programs with higher physicians fees were more likely to obtain care at a doctor's office than those enrolled in lower paying programs.”¹

And

“that higher rates were associated with a small, but significant, decline in the infant mortality rate.”²

Access for Vulnerable Patients

Vulnerable populations have an even harder time finding care. Studies have found that finding doctors is even more problematic to people with high risk. A report entitled “Code Blue: Health Services for Children in Foster Care”³ **identified lack of access to health care as the greatest health problem facing children in foster care. The report cites low reimbursement rates as a key reason for many physicians not accepting Medi-Cal payments.**

Another vulnerable population is patients with Developmental Disabilities. The California Senate Select Committee on Developmental Disabilities and Mental Health issued a report that states that, “most workgroups believe that an **inadequate Medi-Cal rate was a primary barrier to accessing medical services**⁴.”

¹ February 1, 2001 Urban Institute quoted in LAO Report: “A More Rational Approach to Setting Medi-Cal Physician Rates

² February 1, 2001 Urban Institute quoted in LAO Report: “A More Rational Approach to Setting Medi-Cal Physician Rates

³ Institute for Research on Women and Families, “Code Blue: Health Services for Children in Foster Care”

⁴ California Senate Select Committee on Developmental Disabilities and Mental Health, “Improving the Quality of Community-Based Services and Supports in California for Persons with Developmental Disabilities,” February 1998.

II. New Reports Show that Over Half of Medi-Cal Patients Report Difficulty Finding Doctors

Medi-Cal patients are experiencing difficulty finding physicians. Many use the emergency room as their primary point of access to care. Specialists, are even harder to find, and in many cases, non-existent. Patients need to travel great distances and/or wait months for care.

In a recent March 2000 Medi-Cal Policy Institute report entitled: “Speaking Out... What Beneficiaries Say About the Medi-Cal Program,” there was a clear cry from beneficiaries regarding their inability to find doctors. As a beneficiary in Fresno explains, “Medi-Cal is good until you actually go and try to find a doctor. The hardest part is finding a doctor.”

- **56% patients report difficulty finding doctors who will see Medi-Cal patients.⁵**
- **94% of patients agree that getting more doctors in the program is important.⁶**

Access to physicians is also a problem in Medi-Cal managed care.

- **61% of patients in Medi-Cal Managed Care report difficulty finding doctors nearby who will see them.⁷**
- **Expansion of California’s Medicaid managed care program has not increased Medicaid beneficiaries’ or the uninsured’s access to primary care physicians.⁸**
- **Expansion of Medicaid managed care may decrease access to specialists as specialists were less likely to accept new Medicaid managed care patients compared to Medicaid fee-for-service patients.⁹**

⁵ Medi-Cal Policy Institute, March 2000 report: “Speaking Out... What Beneficiaries Say About the Medi-Cal Program”

⁶ Ibid

⁷ Medi-Cal Policy Institute, March 2000 Report: “Speaking Out... What Beneficiaries Say About the Medi-Cal Program”

⁸ 1998 UCSF California Physician Survey. Kevin Grumbach, et. al.

⁹ Ibid

Mission of Mercy

In fact, in some locations in the State, access is so sparse and the need so great that doctors from other locations agreed to fly in to provide needed care. In a **“Mission of Mercy to the First World”** – a team of volunteer specialists from Orange County flew to Redding in Northern California in December to surgically correct ear, nose and throat conditions on 40 children, some of whom had waited more than two years for surgery. In fact, the need was so great, they repeated the mission in March and operated on 40 additional children. “The backlog list was really heartbreaking,” says Doctor Ann Murphy, Medical Director of the Shasta Community Health Center.”

One little girl, Savanna Wright who was born tongue-tied was highlighted in the *San Francisco Chronicle*, Sunday, December 17, 2000 story: **“A Gift of Health: Surgeons’ Mission of Mercy Eases Children’s Suffering.”**

“After surgery Dr. del Junco visited the little girl’s bedside and asked her to stick out her tongue. Timidly, gingerly, for the first time in her life, Savannah slid out her tongue. A nurse then handed her a Popsicle. Savannah took the treat and slowly, her eyes lighting up, took her first lick ever.”¹⁰

III. The Patient Perspective

Patients Can’t Go to the Doctor They Want to See

Those who do find care, are accessing this care through different delivery systems than they would prefer. In particular, solo practitioners are more and more likely to not accept Medi-Cal patients.

- **Although 76% of Medi-Cal patients say they prefer to receive care in a doctor’s office, only 49% report that this is their usual place of care. By contrast, 17% say that they prefer to receive care in a clinic, but 40% report a clinic as their usual place of care.**¹¹

¹⁰ San Francisco Chronicle, “A Gift of Health: Surgeons’ Mission of Mercy Eases Children’s Suffering,” December 17, 2000.

¹¹ Medi-Cal Policy Institute, March 2000 Report: “Speaking Out... What Beneficiaries Say About the Medi-Cal Program”

This inability to find doctors is particularly true of non-white, non-English speaking patients.

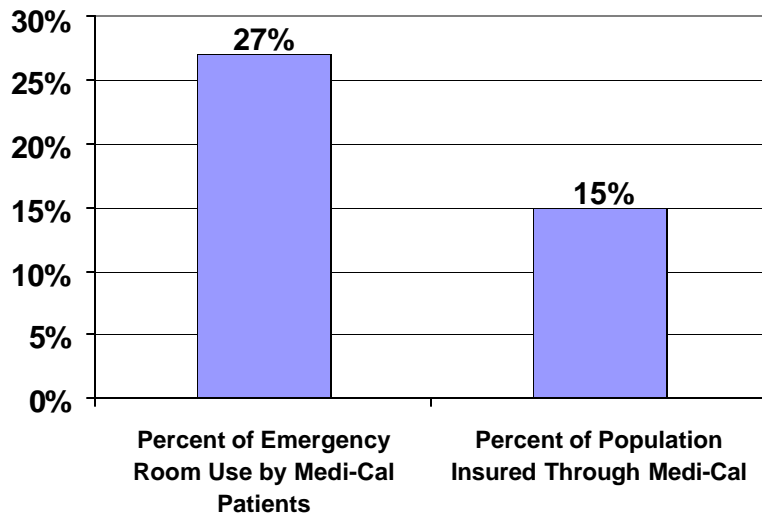
- **It is More Difficult for Non-White/Non-English Speaking Patients to Access Physicians.**
- **While 72% of White patients report that they are able to get care at their preferred location, only 60% of English-speaking Latinos, 53% of Asians, 52% of African-Americans, and 46% of Spanish-speaking Latinos say they receive care at their preferred location.**¹²

Because of this lack of access, patients often must use the emergency room – many times, the emergency room is the *only* place Medi-Cal beneficiaries can obtain health care services.

- **Medi-Cal patients accounted for 27% of the emergency room visits in California,¹³ yet the average monthly Medi-Cal caseload is less than 15 percent of the total population.**

HIGH EMERGENCY ROOM USE BY MEDI-CAL PATIENTS

Medi-Cal Patients Disproportionately Use the Emergency Room to Access Health Care.



Better access to care in doctors' offices would reduce the use of emergency rooms by Medi-Cal patients, and provide services at lower cost to the state.

¹² Ibid

¹³ Medi-Cal Indigent Care Reporting System Data Summary Report 96-2, Department of Health Services

IV. Physician Payment Rates Affect Health Outcomes

A key to good health is to prevent serious and costly illness by early intervention.

For children a critical component to the Medi-Cal program is the Early Periodic Screening, Diagnosis and Treatment (EPSDT) program, under which children can receive preventive health screens and immunizations. However,

- **Only half (53%) of eligible children receive essential preventive health services in California.**¹⁴
- **Only 59 percent of California's two-year olds are fully immunized.**¹⁵

This lack of preventive care is a strong indicator that large numbers of poor children do not have access to a regular source of health care.

¹⁴ HCFA 416 Report, FY 1998

¹⁵ Information provided by the Immunization Branch, California Department of Health Services

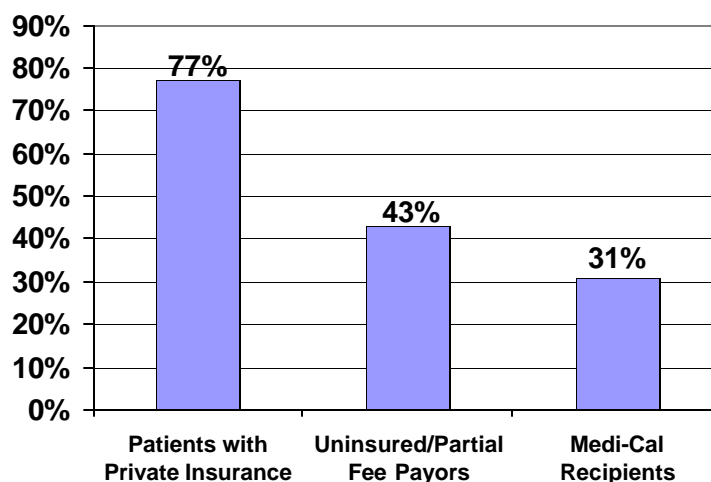
V. The Physician Perspective

Low Physician Participation: Studies have shown that increasing numbers of physicians are restricting the numbers of Medi-Cal patients they see due to the extremely low Medi-Cal reimbursement rates.

- A 1991 survey of California pediatricians found that, between 1978 and 1991, the percentage of physicians who limited the number of Medi-Cal patients they would accept in their practice rose from 23 percent to 70 percent. Among those physicians who imposed such limits, 94 percent cited low reimbursement as a reason for doing so.¹⁶
- A 1994 study showed that only 31 percent of physicians surveyed accepted new Medi-Cal patients, compared to 77 percent who accepted new patients with private insurance and 43 percent who accepted new uninsured patients who were unable to pay full fee. Poor reimbursement was cited by 88 percent of the participants as a reason for not accepting new Medi-Cal patients. Difficulty in obtaining physician specialty consultations which is also related to reimbursement was also cited as an important reason.¹⁷

PHYSICIANS ACCEPTING NEW PATIENTS BY INSURANCE CATEGORY

Access to a Physician Diminishes Substantially as Reimbursement Declines. Many physicians no longer accept new Medi-Cal patients.



¹⁶ Peaslee, Mary, *Medi-Cal Participation Survey Results*, The Children's Research Institute of California, 1991.

¹⁷ Kamaromy, Lurie, and Bindman, *California Physicians Willingness to Care for the Poor*, *Western Journal of Medicine*, February 1995.

Physician Experiences

“We have had to decline treating Medi-Cal patients with cancer chemotherapy because reimbursements do not cover the cost of chemotherapy drugs and administration.”

Oncologist, Stockton

“When I perform surgery on a newborn with hydrocephalus, Medi-Cal pays me about \$300 for the neurosurgical procedure which includes 90 days of post operative care. We can rarely find a primary care physician to care for the other problems these children have. Pediatricians must limit the number of Medi-Cal patients in their practice or they will go out of business. The parents end up using the emergency room or since I performed the surgery they call me even if the problem is not related to the surgery. What can I say to a parent who has called at 10pm because the infant is vomiting and acting strange? I often end up seeing them myself in the emergency room.” Pediatric Neurosurgeon, Sacramento

“This evening I provided an anesthetic for a 12 year old Hispanic boy, enrolled by a Medi-Cal managed care plan, with an open fracture which he sustained yesterday afternoon at home in a rural community. He was seen last evening in his local ER, 10 minutes from his home where he was examined, X-rayed, given intravenous antibiotics and splinted. Due to the shortage of orthopedic specialists the child was discharged home with a referral to see a pediatric orthopedist in his clinic in Madera County north of Fresno, some distance from the child’s home. The surgery to reduce his fracture was performed tonight in a hospital 45 minutes away from his home an entire day following the injury. I spoke with the ER physician who tells me that many specialty services routinely remain unavailable on an emergency basis for state-sponsored patients.” Anesthesiologist, Fresno

“We have almost no member psychiatrists accepting Medi-Cal because the rates are so far below fair market that most find it impossible to even cover overhead with the fees, this for patients that are often very complicated to treat, and therefore much more time consuming and representing greater than average liability for an adverse outcome.” President of a County Psychiatric Society

WHERE DO WE STAND?

California Ranks in the Lower 1/3 of all States in Per Patient Spending - 2000

With the recent rate increases, California's spending on direct medical care per patient has improved. CMA estimates that California continues to rank in the bottom 1/3 of all States. Since its enactment in 1966, the State's Medicaid Program (Medi-Cal) has been one of the most cost effective state programs in the country. However, in 1998, California's per patient costs (\$2,686) plunged to rank California 47th among all states, one-third below the national average of (\$3,789) and substantially lower than other large states with similar cost of living.

California Ranks 47th Among All States in Health Care Spending per Patient 1998

ADULTS			BLIND & DISABLED			ELDERLY			TOTAL SPENDING		
Rank	State	Average Annual Cost	Rank	State	Average Annual Cost	Rank	State	Average Annual Cost	Rank	State	Average Annual Cost
1	Maryland	\$3,280	1	Connecticut	\$18,502	1	Connecticut	\$19,965	1	Massachusetts	\$6,882
2	Alaska	\$3,135	2	New York	\$16,605	2	New York	\$18,745	2	New York	\$6,815
3	Hawaii	\$2,976	3	Rhode Island	\$14,559	3	Minnesota	\$17,090	3	Connecticut	\$6,529
4	New York	\$2,832	4	Minnesota	\$14,550	4	Massachusetts	\$16,202	4	Rhode Island	\$6,104
5	New Jersey	\$2,821	5	New Hampshire	\$14,434	5	Montana	\$15,490	5	Minnesota	\$5,927
6	Massachusetts	\$2,714	6	North Dakota	\$13,479	6	Rhode Island	\$14,925	6	Maryland	\$5,588
7	Georgia	\$2,527	7	Massachusetts	\$13,069	7	Pennsylvania	\$14,628	7	New Jersey	\$5,280
8	Utah	\$2,507	8	Alaska	\$13,009	8	Wisconsin	\$14,474	8	Wisconsin	\$5,241
9	Louisiana	\$2,423	9	New Jersey	\$12,513	9	New Jersey	\$14,185	9	New Hampshire	\$5,092
10	Florida	\$2,419	10	Delaware	\$11,498	10	New Hampshire	\$13,470	10	Pennsylvania	\$4,995
11	Nevada	\$2,411	11	Indiana	\$11,293	11	Delaware	\$13,336	11	North Dakota	\$4,869
12	Minnesota	\$2,409	12	Maryland	\$11,026	12	Michigan	\$13,141	12	Maine	\$4,436
13	North Carolina	\$2,389	13	Wyoming	\$10,756	13	Maine	\$13,129	13	South Dakota	\$4,286
14	Texas	\$2,380	14	South Dakota	\$10,654	14	Maryland	\$12,330	14	Delaware	\$4,192
15	Washington	\$2,348	15	Utah	\$10,387	15	Ohio	\$12,316	15	Alaska	\$4,184
16	Arizona	\$2,346	16	Oregon	\$10,154	16	South Dakota	\$12,134	16	Michigan	\$4,017
17	Delaware	\$2,269	17	Nebraska	\$9,743	17	North Dakota	\$11,832	17	Colorado	\$4,000
18	Rhode Island	\$2,253	18	Illinois	\$9,540	18	Alaska	\$11,656	18	Iowa	\$3,868
19	Kentucky	\$2,198	19	Kansas	\$9,496	19	Indiana	\$11,461	19	Nebraska	\$3,864
20	Colorado	\$2,194	20	Iowa	\$9,445	20	Nebraska	\$11,447	20	Indiana	\$3,822
21	Wyoming	\$2,161	21	Nevada	\$9,348	21	Washington	\$11,433	21	Louisiana	\$3,745
22	Alabama	\$2,112	22	Washington	\$9,284	22	Arizona	\$11,145	22	Nevada	\$3,732
23	Connecticut	\$2,062	23	Colorado	\$9,041	23	Utah	\$10,714	23	Montana	\$3,690
24	Pennsylvania	\$2,040	24	Montana	\$8,918	24	Kansas	\$10,386	24	Ohio	\$3,664
25	Michigan	\$2,036	25	Ohio	\$8,719	25	Idaho	\$9,700	25	Illinois	\$3,595
26	Maine	\$1,943	26	Vermont	\$8,703	26	Hawaii	\$9,349	26	Washington	\$3,505
27	South Carolina	\$1,941	27	Michigan	\$8,701	27	West Virginia	\$9,259	27	Kansas	\$3,459
28	Illinois	\$1,903	28	Louisiana	\$8,518	28	Colorado	\$9,179	28	Utah	\$3,441
29	Wisconsin	\$1,830	29	New Mexico	\$8,488	29	Vermont	\$9,057	29	Arkansas	\$3,435
30	Iowa	\$1,815	30	Idaho	\$8,461	30	Illinois	\$8,930	30	Wyoming	\$3,353
31	New Hampshire	\$1,809	31	Maine	\$8,400	31	Iowa	\$8,761	31	Florida	\$3,344
32	Mississippi	\$1,797	32	Wisconsin	\$8,353	32	Missouri	\$8,715	32	North Carolina	\$3,216
33	New Mexico	\$1,794	33	Texas	\$8,100	33	Wyoming	\$8,673	33	Hawaii	\$3,192
34	Tennessee	\$1,785	34	Hawaii	\$8,089	34	Oregon	\$8,484	34	South Carolina	\$3,188
35	West Virginia	\$1,777	35	North Carolina	\$7,932	35	Florida	\$8,313	35	Oregon	\$3,119
36	Indiana	\$1,772	36	Pennsylvania	\$7,797	36	Kentucky	\$7,835	36	Kentucky	\$3,111
37	South Dakota	\$1,738	37	Arizona	\$7,751	37	New Mexico	\$7,743	37	West Virginia	\$3,093
38	California	\$1,725	38	South Carolina	\$7,244	38	Louisiana	\$7,716	38	Vermont	\$3,069
39	Oregon	\$1,717	39	Missouri	\$7,169	39	Virginia	\$7,644	39	Arizona	\$2,995
40	Kansas	\$1,685	40	Oklahoma	\$7,138	40	Nevada	\$7,391	40	Missouri	\$2,927
41	Idaho	\$1,658	41	Florida	\$6,920	41	Arkansas	\$7,236	41	Idaho	\$2,906
42	Nebraska	\$1,599	42	West Virginia	\$6,712	42	Alabama	\$6,984	42	Alabama	\$2,859
43	Virginia	\$1,576	43	Virginia	\$6,656	43	Texas	\$6,957	43	Texas	\$2,839
44	North Dakota	\$1,534	44	Georgia	\$6,638	44	North Carolina	\$6,899	44	Oklahoma	\$2,827
45	Ohio	\$1,530	45	California	\$6,572	45	Oklahoma	\$6,889	45	Virginia	\$2,821
46	Vermont	\$1,422	46	Arkansas	\$6,261	46	California	\$6,569	46	Georgia	\$2,788
47	Montana	\$1,420	47	Kentucky	\$5,571	47	Georgia	\$6,252	47	California	\$2,686
48	Arkansas	\$1,398	48	Alabama	\$4,798	48	Mississippi	\$6,004	48	New Mexico	\$2,607
49	Oklahoma	\$1,300	49	Mississippi	\$4,423	49	South Carolina	\$5,819	49	Mississippi	\$2,582
50	Missouri	\$1,162	50	Tennessee	\$4,042	50	Tennessee	\$5,565	50	Tennessee	\$2,274
U.S. Average		\$2,080	U.S. Average		\$8,784	U.S. Average		\$10,308	U.S. Average		\$3,789

Source: Kaiser Family Foundation: State Facts: Health Needs and Medicaid Financing, February 1998.

Note: Does not include DSH payments, administrative costs, accounting adjustments, or the U.S. Territories. Total spending including these categories was about \$159.5 billion in 1995. Figures may not sum to totals due to rounding. Payments to MCOs were distributed among adults and children. For certain states with active 1115 waivers (AZ, HI, OR, TN), expenditure and beneficiary data were supplemented with data received directly from the state; adjustments were made to categorize these numbers in the same manner as other states report to HCFA.

California Ranks 40th Among the States in Fee-For-Service Physician Rates

A recent study by the Lewin Group of 50 frequently performed services showed that California now ranks 40th out of 51 states in physician fee-for-service payment rates (adjusted for geographic location and cost of living/practice costs). California rates, as a percent of Medicare, also rank 40th among the States.¹⁸

State	Volume-Weighted Ranking, Geographically Adjusted Fees	Ranking by % of Medicare Allowable Charges
Arkansas	1	1
Alaska	2	2
New Mexico	3	3
Nevada	4	4
Arizona	5	5
Wyoming	6	6
Vermont	7	7
North Carolina	8	9
Iowa	9	8
Idaho	10	11
Nebraska	11	10
West Virginia	12	12
Mississippi	13	13
Montana	14	14
South Dakota	15	15
North Dakota	16	17
D.C.	17	16
Alabama	18	18
Tennessee	19	19
Kentucky	20	20
Georgia	21	21
Minnesota	22	22
Virginia	23	24
Louisiana	24	25
Connecticut	25	23
Wisconsin	26	26
Texas	27	28
Indiana	28	27
Oklahoma	29	30
Massachusetts	30	29
Colorado	31	31
Oregon	32	33
Ohio	33	34
Kansas	34	32
Washington	35	35
Illinois	36	36
Maryland	37	37
Hawaii	38	38
South Carolina	39	39
California	40	40
Florida	41	41
Maine	42	42
Pennsylvania	43	43
New Hampshire	44	44
Utah	45	45
Michigan	46	46
Missouri	47	47
Delaware	48	48
Rhode Island	49	49
New Jersey	50	50
New York	51	51

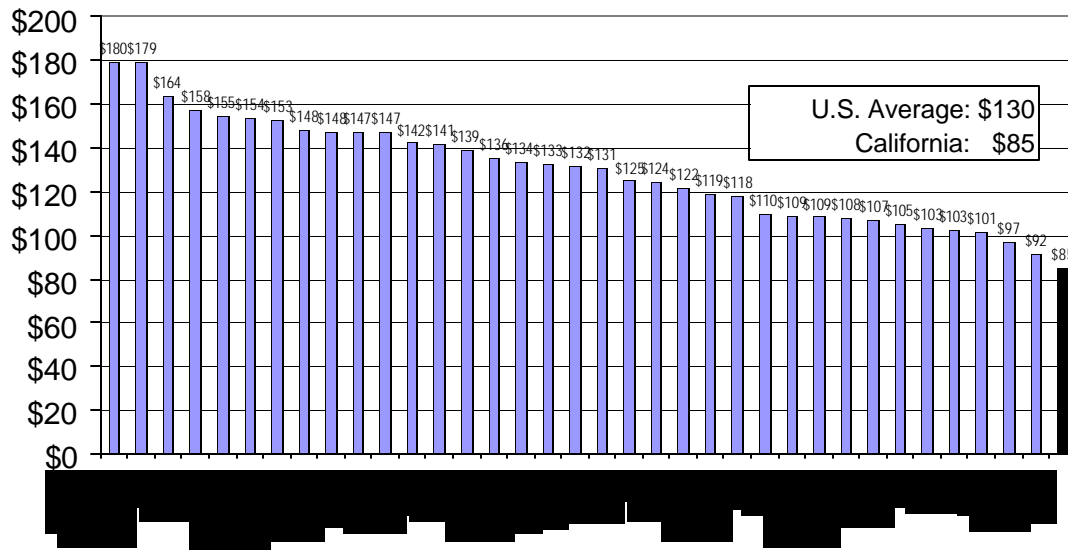
¹⁸ The Lewin Group: Medi-Cal Fees in Context: A Comparison Across States. March 5, 2001.

California Ranks 50th in Medi-Cal Capitation Rates

In recent years, Medi-Cal capitation rates rank 50th in the nation. Despite the recent increases in fee-for-service payments, and the Department of Health Services incorporating these increases into the Medi-Cal managed care capitation rates, many health plans are not passing the rate increases onto physicians. Significantly, 61% of patients in managed care plans have trouble finding a doctor.

State Comparison of Capitation Rates

California Ranks Last Among 50 States for Capitation Rates



2000-01 Rate Increase is a Step in the Right Direction Essential Services Still in Need of an Increase

The FY 2000-01 budget increased Medi-Cal rates by 16.7%, which included a 40% increase for emergency services and “on-call” services provided in the emergency department, a 39% increase in California Children’s Services (CCS), 11% increase for Perinatal Services, 20% for EPSDT screening services, and 30% for neonatal intensive care. The implementation of the 2000-01 fee increase was accompanied by a significant revamping of the fee structure where fees are now based on a schedule similar to that used by the Medicare program (RBRVS), and no service is reimbursed at less than 43% of the Medicare rate. The percentage increase for each service varies depending upon how its previous rate compared with the Medicare fee schedule for the same service. Prior to the increase, some services were as low as 15% of Medicare rates.

While the FY 2000-01 increase may appear to be substantial when considered as a percent of previous reimbursements, the actual dollar impact of the increase on some essential services is fairly insignificant. This is because many essential services were previously so undervalued. For example, a standard office visit increased from \$18.18 to \$24.00, an increase of 32%, which only translates to an additional \$5.82. **While the increases are much needed and appreciated by physicians, it is clear that the correction of rates, which have been neglected for 13 years, will require additional funding to retain and recruit physicians to serve Medi-Cal patients.**

Impact of Last Year’s Rate Increase

CPT Code	Physician Service	Medi-Cal 1990-2000	Medi-Cal 2000-2001	Dollar Increase	% Increase
99204	New Patient Office Visit: Moderate to High Severity; 45 min visit	\$60.80	\$68.90	\$8.10	13%
99213	Established Patient Office Visit: Mild to Moderate Severity: 15 min visit	\$18.18	\$24.00	\$5.82	32%
99253	Hospital Consultation: Moderate severity; 55 min visit	\$41.00	\$46.44	\$5.44	13%
99233	Hospital Care: Patient is unstable or has developed a significant complication or new problem; 35 min visit	\$40.40	\$45.80	\$5.40	13%
99243	Office Consultation: Problem of Moderate severity, 40 min visit	\$45.00	\$59.50	\$14.50	32%

Despite Recent Increases, Medi-Cal Rates are Extremely Low Compared to Medicare and other Private Payers

Statutory Requirement for Regular Rate Reviews Have Been Ignored

State¹⁹ and Federal²⁰ law require that Medi-Cal reimbursement rates be sufficient to ensure reasonable access for patients. However, the statutory requirements for regular rate reviews have not been met. Federal law requires the states assure that payments are, among other things, sufficient to enlist enough providers so that care and services are available at least to the extent that such care is available to the general population. Failure to comply with federal regulations regarding the program can result in loss of federal matching funds.

State law requires the Department of Health Services (DHS) to annually review the physician rates and revise the rates to ensure reasonable access, including comparisons to rates paid by Medicare, Blue Shield, third party payor, prevailing customary physician charges within the state and in various geographic regions and the Consumer Price Index.

Despite the statutory provisions, rate reviews have not been performed.

New Rate Structure Allows Comparison of Medi-Cal Rates with Medicare Rates and Other Private California Payors

The implementation of the 2000-01 fee increase was accompanied by a significant revamping of the fee structure where fees are now based on a schedule similar to that used by the Medicare program (RBRVS). The CMA supported the change in order to reduce disparity in reimbursement among services. Medicare RBRVS is based on surveys of the costs of work performed by physicians and is annually updated. Moreover, the implementation of RBRVS allows the state to use Medicare rates as a benchmark for further increases.

The Legislative Analysts' office reports that the FY 2000-01 rate hike increased payments from 50% to roughly 60 % of Medicare rates, however many essential and frequently performed services are still reimbursed at rates that are 43-56% of Medicare rates. **Most notably, physician office visits, hospital visits and consultations remain in the 43% of Medicare range and have increased only minimally. These services represent the extremely valuable face-to-face time for patients to spend with their physician for diagnosis and management of health problems and constitute 50-80% of a physician's practice time and income.**

According to a recent analysis of Medi-Cal rates compared to commercial payors performed by PricewaterhouseCoopers, LLP, Medi-Cal rates are generally less than 50% of commercial published rates.

¹⁹ 42 USC §1396(a)(30)

²⁰ W&I Code §14079

**Medi-Cal Rates on Average are 60% of Medicare
Some Essential Services are only 43% of Medicare Rates**

CPT Code	Description	2000-01 Medi-Cal Rate	% Medicare
99213	Office Visit	\$24.00	43%
99243	Office Consultation	\$59.50	43%
57500	Biopsy Cervix	\$40.36	43%
32405	Lung Biopsy	\$ 72.60	43%
45330	Sigmoidoscopy	\$54.73	58%
42820	Tonsillectomy	\$168.65	55%
59510	C-Section, Delivery, Pre and Post Care	\$1,088.62	62%
59400	Maternity Care, Delivery, Pre and Post Care	\$ 1,088.02	71%
44950	Appendectomy	\$400.59	72%
49505	Hernia Repair	\$344.01	80%

Medi-Cal Rates are Less than 50% of Commercial Rates²¹

CPT Code	Service	Medi-Cal Rate	% of Commercial Rates			
			LA	SF	Santa Clara	Rest of State
99203	Office Visit	\$57.20	45%	46%	47%	51%
99204	Office Visit	\$68.90	37%	38%	43%	42%
99213	Office Visit	\$24.00	34%	35%	35%	39%
59400	Maternity Care, Delivery and Pre and Post Care	\$1,088.56	30%	30%	31%	33%
54409	Delivery Only with or w/o F orceps and Episiotomy	\$544.28	25%	26%	26%	28%

²¹ PricewaterhouseCoopers, Comparison of Payment for High Volume CPT Codes: Medi-Cal and other California Payors. March 5, 2001.

Medi-Cal Physician Services are Undervalued Compared to Other Services

Medi-Cal physician services are undervalued compared to other services that do not require the same professional education and training and carry the same risks.

	LUNG BIOPSY	FULL LEG AND BIKINI WAX
PAYMENT	\$72.60 – Physician	\$75.00 – Certified Manicurist ²²
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • 600 Hours for Certificate
VALUE	➤ Lung Cancer Diagnosed	➤ Smooth Legs – No Hair

	MANAGEMENT OF PATIENT: Insulin Dependent Diabetes	VET PUPPY PLAN
PAYMENT	\$24.00	\$160.00 – Veterinarian ²³
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Veterinarian School • 1000-2000 Hours Working with Animals • Licensing Exam
VALUE	➤ Diabetes Controlled	➤ Puppy Preventive Care

²² Nordstrom Spa, San Francisco, CA.

²³ Veterinary Centers of America, Oakland, CA.

	APPENDECTOMY	TEETH WHITENING
PAYMENT	\$400.59	\$500.00²⁴ Dentist
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 3 - 4 Years Dental • Licensing Exam
VALUE	➤ Surgical Removal of Toxic Appendix	➤ Bright White Teeth

	BIOPSY CERVIX	SONY PLAY STATION GAME: NBA HOOPZ
PAYMENT	\$40.36	\$49.00²⁵
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • Ages 8+
VALUE	➤ Cancer Diagnosed	➤ Video Game Entertainment

24 Jacobs, DDS

25 Toys R US, San Francisco, CA.

	CONSULTATION BY NEUROLOGIST: 8 Year Old With New Onset Seizures	MEN'S BASKETBALL SNEAKERS Nike Men's Retro VI
PAYMENT	\$45.00	\$119.00²⁶
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements
VALUE	➤ Diagnosing Seizure Problem with Treatment Plan	➤ Cool Basketball Shoes

	OFFICE VISIT: Evaluation of Patient with Chest Pain	AUTOMOBILE SERVICE: Oil Change, Transmission Fluid Change & Rotate Tires
PAYMENT	\$68.90	\$95.00²⁷
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements • On the Job Training
VALUE	➤ Chest Pain Diagnosed with Treatment Plan	➤ Car "Jiffy-lubed"

²⁶ Foot Locker, <http://www.footlocker.com/catalog/>

²⁷ D&K Auto, Larkspur, CA.

	TONSILECTOMY	UNPLUG TOILET
PAYMENT	\$168.65	\$139.00 /per hour²⁹
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements • On the Job Training
VALUE	➤ Inflamed Tonsils Removed	➤ Toilet Fixed

	SIGMOIDOSCOPY	TERMINIX EXTERMINATOR
PAYMENT	\$54.73	\$87.00²⁸
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements • On the Job Training
VALUE	➤ Rectal Cancer Screening	➤ Dead Termites

²⁸ Terminix, <http://www.terminix.com>.

²⁹ Bay Area Plumbing, San Francisco, CA

	HOSPITAL CONSULTATION: Patient With Mandibular Fracture and Concurrent Head, Abdominal & Orthopaedic injury	MASSAGE
PAYMENT	\$45.80	\$80.00³⁰
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • 600 Hours to Become Certified
VALUE	➤ Car Accident Victim Diagnosed with Treatment Plan	➤ Relaxed Body

	HOSPITAL CARE: Patient Unstable or Developed Complication	DOG WALKER
PAYMENT	\$45.80	\$30.00/hour³¹
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements
VALUE	➤ Hospital Patient in "Unstable Condition" Problem Assessed	➤ Dog Exercised

³⁰ Nordstrom Spa, San Francisco, CA

³¹ San Francisco Dog Walking Service, CA

	EAR TUBE SURGERY	OFFICE PLANT WATERING 50 Employees
PAYMENT	\$180.95	\$120/week³²
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements
VALUE	➤ Ear/Hearing Restored	➤ Living Green Plants

	OFFICE VISIT: Management of Patient with Asthma on Steroids and Bronchodilators	CAR WASH
PAYMENT	\$24.00	\$24.95 - \$59.95³³
EDUCATION/TRAINING	<ul style="list-style-type: none"> • High School • 4 Years Undergraduate • 4 Years Medical School • 2 - 6 Years Residency • Specialty Board Certification • Licensing Exam 	<ul style="list-style-type: none"> • No Educational Requirements
VALUE	➤ Asthma Managed and Treated	➤ Clean Car

³² The Wright Gardner, San Francisco

³³ Touchless Car Wash, San Francisco

Will California Make a Commitment to Maintain Access to Quality Health Care for Medi-Cal Patients?

California taxpayers subsidize other state's Medicaid costs while failing to meet the needs of California Medicaid recipients. California's Medi-Cal caseload comprises 16 percent of the Medicaid caseload nationally, but constitutes only 11 percent of total expenditures³⁴. Therefore, California taxpayers are subsidizing medical care for other states' Medicaid programs. Since the federal government matches every dollar that California spends for Medi-Cal services, the program's low reimbursement rates mean that California is not pulling down an equitable share of federal dollars, when compared to other states. An increase in Medi-Cal reimbursement rates would mean that tax dollars that Californians are paying to the federal government will be returned to our state to care for our Medi-Cal patients.

The CMA urges the Legislature to continue the momentum of last year's increase with a renewed commitment to repair thirteen years of frozen rates. Access to care is already difficult for more than 50% of Medi-Cal patients. Failing to address the problem further threatens access to care for a vulnerable population.

The CMA urges a 20% increase in Medi-Cal rates.

³⁴ Governor's Budget Summary, FY 1999-2000.