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**Title:** Medicaid Payment for Obstetric Care

**Introduced by:** Sara Jaber, MD, for the Michigan Section of the American College of Obstetricians and Gynecologists

**Original Author:** Sara Jaber, MD

**Referred To:** Reference Committee A

**House Action:** **REFERRED TO MSMS BOARD OF DIRECTORS**

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Whereas, 42 percent of births in the United States in 2020 were covered by Medicaid, including 64.8 percent of births to Black women, 65.3 percent of births to American Indian/Alaska Native women and 58.8 percent of births to Hispanic women, and

Whereas, many Medicaid programs require obstetrician-gynecologists to utilize global obstetric codes to bill for the obstetrical services provided from the visit after the confirmation of pregnancy through 60 days of postpartum care, and

Whereas, with Medicaid payments for global obstetric codes being notoriously low, there is tremendous concern that many providers will elect to not participate in the Medicaid program and hence will lead to access to care challenges for many Medicaid beneficiaries, particularly groups that are already marginalized and live in poverty, and

Whereas, the financial stability of physician practices and the future viability of the United States' healthcare system relies on equitable, sustainable physician pay, and

Whereas, Medicare payment rates represent the reference standard for all physician reimbursements including payments from Medicaid programs and private payers, and

Whereas, the Centers for Medicare and Medicaid Services (CMS) is required by statute to update the Medicare Physician Fee Schedule on a yearly basis and maintain budget neutrality, and

Whereas, despite a projected 4.5 percent inflation in medical practice costs in 2024, the current laws obligated CMS to execute a 3.36 percent across-the-board cut in Medicare physician payment rates in 2024, and

Whereas, hospitals and skilled nursing facilities receive yearly payment increases linked to inflation, physician practices on the other hand have had to fight to lower or delay payments cuts almost every year, and

Whereas, the Medicare physician payment rates dropped by 26 percent from 2001 to 2023, while costs of maintaining practices increased by 47 percent during the same time , which in turn has affected Medicaid reimbursements, and

48           Whereas, Medicaid coverage for birth in Michigan fluctuated between 42.5 percent and 39.7  
49 percent from 2016 to 2020, with 66.1 percent coverage for birth among Black women and 59.6  
50 percent coverage for Hispanic women from 2018 to 2020, and

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52           Whereas, the Michigan Medicaid Program fee-for-service rate for global obstetric codes is  
53 77.2 percent of the geographically adjusted Medicare Physician Fee Schedule rate, and

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55           Whereas, two hospitals in Michigan closed their labor and delivery units and one hospital  
56 closed entirely, with two out of three of these hospitals being in rural areas in Michigan, and

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58           Whereas, Medicaid covers close to 50 percent of birth in Michigan and with Medicaid  
59 payouts being low, is creating financial strain on the healthcare systems leading to closure of  
60 maternity units, and

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62           Whereas, the consequence is additional gaps in access to care especially among  
63 marginalized groups and the further increase in the rates of maternity care deserts in Michigan, and

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65           Whereas, MSMS “opposes all cuts in Medicaid reimbursement budgets and supports an  
66 increase in payments to a level that covers physician and hospital costs;” therefore be it

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68           RESOLVED: That MSMS advocate with the Michigan State Medicaid Program to seek  
69 payment rates for obstetric services at a minimum of 100 percent of the geographically adjusted  
70 Medicare Physician Fee Schedule rate; and be it further

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72           RESOLVED: That MSMS advocate that obstetric care for high-risk obstetrics patients  
73 enrolled in Medicaid may be billed outside of the global obstetric codes to reflect the amount and  
74 complexity of the care and improve outcomes; and be it further

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76           RESOLVED: That MSMS advocate for increases in the states’ Federal Medical Assistance  
77 Percentages or other funding during significant economic downturns to allow state Medicaid  
78 programs to continue serving Medicaid patients and cover rising enrollment.

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81           WAYS AND MEANS COMMITTEE FISCAL NOTE: \$12,000-\$24,000

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### **Relevant MSMS Policy**

#### **Equitable Medicaid Reimbursement**

MSMS opposes all cuts in Medicaid reimbursement budgets and supports an increase in payments to a level that covers physician and hospital costs.

#### **Medicaid Financing Policies**

MSMS opposes Medicaid financing policies that result in reduced funding for Medicaid in Michigan. Such policies could include block grants and per-capita funding.

### **Relevant AMA Policy**

### **Cuts in Medicare and Medicaid Reimbursement H-330.932**

Our AMA: (1) continues to oppose payment cuts in the Medicare and Medicaid budgets that may reduce patient access to care and undermine the quality of care provided to patients; (2) supports the concept that the Medicare and Medicaid budgets need to expand adequately to adjust for factors such as cost of living, the growing size of the Medicare population, and the cost of new technology; (3) aggressively encourages CMS to affirm the patient's and the physician's constitutional right to privately contract for medical services; (4) if the reimbursement is not improved, the AMA declares the Medicare reimbursement unworkable and intolerable, and seek immediate legislation to allow the physician to balance bill the patient according to their usual and customary fee; and (5) supports a mandatory annual "cost-of-living" or COLA increase in Medicaid, Medicare, and other appropriate health care reimbursement programs, in addition to other needed payment increases.

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