

New York State Academy of Family Physicians



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NYSAFP Testimony before The New York State Assembly Health Committee regarding The Effectiveness and Sustainability of Medicaid

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Chairman Gottfried and other members of the Assembly Health Committee, thank you for inviting the New York State Academy of Family Physicians to testify at today's hearing regarding the effectiveness and sustainability of New York's Medicaid program. My name is James Mumford, MD FAAFP and I am the President of the Academy.

As background, the New York State Academy of Family Physicians (NYSAFP) represents over 7,000 physicians, residents and students in family medicine across the State. Member Family Physicians are board-certified and specialize in family medicine. Family physicians focus on the whole patient providing care throughout one's lifetime. We provide comprehensive healthcare services to treat diseases and injuries in all age groups from newborns to the geriatric population and across all medical fields. Family Physicians focus on prevention, wellness and overall care coordination of health care for patients. Further, family medicine is the only specialty to focus on the care of the entire family unit and family Physicians are a main source of primary health care in New York and across the country.

In our testimony, NYSAFP will make and discuss the following ways that we suggest New York consider improving the effectiveness and sustainability of the State Medicaid program which provides health insurance coverage to millions of New Yorkers, approximately one third of our State's population:

- New York should limit the role managed care plans play in administering Medicaid benefits to the majority of those enrolled, including requirements for streamlined, consistent policies across plans to improve patient care
- New York should "carve out" certain populations or benefits to enhance services for vulnerable New Yorkers
- New York should create a physician/health provider ombudsman program to assist providers with addressing issues with managed care plans
- New York should eliminate the Medicaid global spending cap
- New York should enact *New York Health* to ensure that all New Yorkers, including those who are enrolled in Medicaid today have access to high quality health coverage

New York should limit the role managed care plans play in administering the Medicaid benefit

A significant amount of physicians' time is spent on administrative tasks, requirements and obstacles put in place by health insurers, detracting from their ability to provide direct care for patients and affecting physician burnout. A 2016 *Annals of Internal Medicine* study concluded that, for every hour a physician spends on delivering care to a patient, two more are spent on administrative tasks. And a 2014 *International Journal of Health Services* study found that 16.6% of physician working hours are consumed by administrative work, with primary care providers including family physicians and internists among the highest time spent at 17.3%.

Such burdens are on the increase and negatively impact patient access to care. A recent study by Milliman noted that insurers' use of burdensome prior authorization and step therapy requirements for prescription medications nearly doubled between 2011 and 2016. Further, a recent American Medical Association (AMA) survey reported that 91% of responding physicians said that the prior authorization process delays patient access to necessary care; with more than 25% of the respondents indicating that a prior authorization process led to a serious adverse event.

While this is not unique to Medicaid and relates all types of insurance lines and plans, New York Medicaid has **18 managed care plans** that administer benefits to patients, and each has its own rules, billing and appeals processes, forms, drug formularies, and other administrative processes which waste an inordinate amount of physician time. This adds cost, creates obstacles for patients to receive needed care and results in less time that a physician can spend providing actual patient care. For certain benefits, plans use additional subcontractors like pharmacy benefit managers and behavioral health organizations which add more red tape, requirements and processes further eroding physician time with patients and creating barriers to patient care. Collectively, all of these redundant administrative requirements add cost to the Medicaid program and divert limited resources away from direct patient care. In general, plans dictate the terms that physicians must follow and offer untenable take-it-or-leave-it-contracts.

Given the serious primary care shortage in New York, we should be doing all that we can to increase the number of hours that physicians can see and provide care for patients. And we must focus on using the finite state resources for actual patient care, not to pay for-profit insurance companies and middlemen for program administration to maximize their profits.

We suggest that the State use its authority over the managed care plans as the ultimate payer, to streamline and standardize these administrative processes including a single preferred drug list (formulary) without midyear formulary changes, streamlined enrollment, billing and appeals forms and processes, requiring plans to capture and retain patient information so physicians do not have to repeatedly provide the same information for the renewal of medications and other service approvals, prohibit step therapy denials when a patient has already failed on an alternative medication, and to eliminate needless prior authorization and utilization management barriers which serve only to limit patient access to needed treatments, therapies, and services, which can lead to adverse health events for patients.

In addition, a NYSAFP Committee recently developed recommendations to streamline costly and cumbersome health care billing and payment system issues including:

- Requiring all insurers to participate in a standard system for making insurance eligibility verifications;
- Requiring standard co-payments, deductibles and co-insurance amounts for patients across insurance lines;
- Standardizing the coordination of benefits process through a shared database exchange or similar mechanism;
- Requiring standardized billing and appeals forms; and
- Requiring timely and periodic payments to providers through a prospective or projective payment system to provide consistency and reliability for providers

We urge New York to consider making these important changes to streamline the Medicaid managed care benefit, to enable physicians and their practices to spend their time on actual patient care, not on insurance administration and unnecessary overhead.

New York should “carve out” certain populations and benefits to enhance services for vulnerable New Yorkers

NYSAFP believes that there are certain populations and Medicaid benefits that should not be included under managed care. Our members report that the increase in managed care programs has led to significant barriers to access to care for patients, increased prior authorizations, service denials and paperwork and has make it far more complicated to provide care to an already vulnerable population.

New York should re-consider the inclusion of certain individuals and benefits under this insurance model. For instance, the state should consider carving out individuals with serious behavioral health needs (mental health and substance use disorder) from Medicaid managed care. Currently, they can only go to certain practice sites based on care networks, which limits access and makes it hard to get intake appointments, which our members assist patients with. We must do everything we can to ensure that this very vulnerable population does not “slip through the cracks” of our complex healthcare system and to remove all barriers to care, including the restrictions that managed care plans and that model puts in place.

NYSAFP strongly supports the work of school-based health centers (SBHCs), a safety net provider for children in underserved urban and rural areas, which ensures that they can receive the care they need, where they are. We are aware of years long efforts by the State to “carve” SBHCs into managed care. Our recommendation is that Medicaid reconsider this effort and instead allow SBHCs to be paid by Medicaid directly and to remain in Fee for Service Medicaid to protect this critical care provider for high need children across our State.

NYSAFP was also recently notified of a situation in Ticonderoga NY by our members on the ground there, in which a pharmacy was no longer in the network of a Medicaid managed care plan and its pharmacy benefit manager (PBM) serving that area. This left only one other pharmacy (Walmart) that could be utilized by patients within a thirty-mile radius. Walmart has an opioid stewardship initiative, which limits the amount of opioids that each of their pharmacies may be supplied on a monthly basis. As a result, Medicaid patients who were left to use this one remaining pharmacy faced serious access issues to receive medications like Suboxone and Buprenorphine that are used as Medication Assisted Treatment (MAT) to treat Substance Use Disorder.

Our members worked diligently to get an exception from the managed care plan/PBM for their patients to use the out of network pharmacy but this exception is time limited, so at this point a permanent solution has not yet been identified. Based on this experience and many others like it, we

see no reason for pharmacy benefits to be included in Medicaid managed care. Rather, an individual with Medicaid in need of prescription medications and other pharmacy care should be able to utilize their pharmacy of choice which is most convenient and accessible to them without superficial barriers put in place by PBMs/insurance plans. New York should consider carving pharmacy benefits out of managed care in Medicaid. In addition, where issues are identified which impact patients' ability to access needed medications, physicians, which participate in Medicaid should be able to dispense medications to help close these gaps.

New York should create a physician/healthcare provider ombudsman program to assist providers with issues with managed care plans

NYSAFP recommends that the State Health Department create a physician/healthcare provider ombudsman program to create a clear, easy process to assist providers with addressing issues with Medicaid managed care plans and fee for service. This would be of great assistance to physicians struggling with the various administrative issues and hurdles put in place by plans as discussed earlier. In addition, an ombudsman could help physicians as they work to advocate for coverage of needed services for their patients, when facing increased prior authorizations, step therapy denials and other barriers to getting coverage for the care their patients need.

The physician/healthcare provider ombudsman program could be staffed by individuals with clear expertise in Medicaid policies and regulations and could be advised by a physician advisory council that could also be created, and comprised of physicians/health providers who are recommended by medical and other provider societies.

New York should eliminate the Medicaid global spending cap

Since 2011, New York Medicaid has had a cap on spending in place. NYSAFP would support the elimination of this cap, as it sets arbitrary spending limits for Medicaid services which fails to truly account for increases in the number of individuals who need Medicaid coverage, and increases in healthcare service costs. Each year compliance with the cap is used to justify cuts to Medicaid programs and services. This disproportionately impacts those of greatest need due to service complexity or cost of care including individuals with disabilities, safety net providers and communities of color.

We urge that this arbitrary cap be eliminated and the Medicaid budget, which draws a significant federal match, could be negotiated, as other funding is as part of the annual budget process.

New York should enact *New York Health* to ensure that all New Yorkers, including those who are enrolled in Medicaid today have access to high quality health coverage

For many years, NYSAFP has been a strong proponent of the *New York Health Act*, to create a single payer system to enable every New Yorker regardless of age, income, wealth, employment or other factors to access comprehensive, straightforward health insurance coverage. NYSAFP was the first physician society in the State to support this model.

The *New York Health Act* would be publicly funded and paid for by assessments based on ability to pay, through a progressively graduated payroll tax, and a surcharge on other taxable income. Federal funds now received for Medicare, Medicaid, Family Health and Child Health plus would be pooled to establish a New York Health Trust Fund. This one payer would pay health care providers in full, without any fees for the patients.

A single payer system will eliminate the varying administrative practices of multiple health insurance plans, as detailed earlier, which only add costs and frustration to providers and patients and serve

primarily to delay or deny coverage for care. Such day-to-day interference in medical practice compromises patient care. In a field where time is of the essence, it is essential that people have immediate access to the care they need when they need it. Medicare is the closest comparison for how a single payer system would work. Medicare is a streamlined program that provides seniors 65 and older access to covered benefits with fewer administrative delays and payment issues than exist with commercial plans. Why not have a single payer system like Medicare that provides coverage for all New Yorkers and not just seniors?

Further, we are very supportive of the provisions in the bill, which would limit the use of prior authorization in *New York Health* to only those instances where the federal Medicare program imposes it, and to enable physicians and other providers to collectively bargain with the single payer. We believe the collective bargaining provisions of the bill could be applied to allow unions, which have negotiated health insurance benefits with employers to continue to do so by negotiating with the single payer. Since the foundational plan created by the *New York Health Act* would be comprehensive, any union plans produced by separate collective bargaining agreements would only be incrementally different. Such negotiations could be monitored in the first five years of operation of the *New York Health Act* and regulations implementing the plan could be modified if necessary to reflect benefits or procedures achieved through negotiations with unions.

A single payer will also constrain costs by eliminating the multiple payers and their multiple administrative rules and procedures and replacing it with a uniform, standardized system. On March 6, 2015, Gerald Friedman, PhD Professor and Chair, Department of Economics University of Massachusetts at Amherst released a report which analyzed the economic effects of the New York Health Act (*Economic Analysis of the New York Health Act*). The report found that by reducing burdensome billing expenses, administrative waste in the insurance industry, monopolistic pricing of drugs and medical devices, and fraud, New York Health would save over *\$70 billion in 2019, 25% of that year's projected health care spending, and savings will increase over time*. Further, it found that even after expanding coverage to the uninsured, removing barriers to access, and correcting the underpayment of Medicaid services, New York Health would save \$44.7 billion in the first year alone. According to the report, while the largest savings would go to working households earning less than \$75,000, over 98% of New York households would spend less on health care under the Act than they do now. Finally, the report states that New York Health would be expected to create over 200,000 new jobs.

Another study commissioned by the American Academy of Family Physicians (AAFP) and published during the AAFP's 2017 Congress of Delegates as Board Report F, compared the US health care system with the major single payer systems of other countries. The essential findings of the report were that countries with some form of single payer system have better overall health outcomes than the US, spend less per capita and in overall GDP and spend more on social supports than does the US. Furthermore, the report finds that physician satisfaction is higher and burnout is reduced in single payer systems.

While this testimony includes many recommendations for how New York could reform Medicaid, including its Medicaid managed care program, we believe the *New York Health Act* would effectively address all of these issues not just in Medicaid, but also across the healthcare insurance system in New York State so we urge its timely enactment.

Thank you again for holding this important hearing and for giving NYSAFP the opportunity to testify.