

HJR

83

COMMITTEE REPORT

SENATE

FURTHER: None

4/7/80

Date: 4-7-80

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had HJR 83

compensation to Alaska physicians who participate in the Medicaid program

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)  same title
- replace with CS for \_\_\_\_\_  new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Sen. Hackney  
 CHAIRMAN  
 DO PASS

1  
Introduced 3-17-80  
Logged 4-7-80  
Referrals Finance  
Comm. meeting 4-9-80 Passed  
" action

HJR 83  
By Finance Comm.  
By Request

" Resting to complete <sup>5/15/80</sup> ~~1/15/80~~  
ok. physicians who participate  
in medical programs"

Position paper herein  
HSS. 2/15/80

## POSITION PAPER

ON

## HOUSE JOINT RESOLUTION 83

This resolution seeks to eliminate the federal barrier which presently prevents fair compensation of Alaska's physicians participating in the Medicaid Program.

The problem stems from a federal law which sets physician reimbursement at the lowest of three factors;

1. The actual amount charged on the bill,
2. The physician's actual average charge for the preceeding year; and
3. The "adjusted 75th percentile" for all Alaska physicians' charges for the preceeding year.

A true 75th percentile would represent a figure which 75% of Alaska physicians did not exceed. However, under federal law the Alaska 75th percentile is not allowed to increase at the actual Alaska economic growth rate, but rather is limited to the economic growth rate for the United States as a whole. The potential effect of this growth limitation is displayed on the attached graph. This graph shows what would happen to a \$15 office charge over the last 10 years assuming, for illustration only, that costs in Alaska have grown an annual percentage of 2% higher than the rest of the nation.

The Department supports HJR 83 for the following reasons:

1. Physician participation in Medicaid is optional and an increasing number of physicians will either drop out of the program or refuse to see new patients if they feel they are unfairly compensated. This is already severely effecting the specialty service of OB-GYN.
2. Although physicians' as a group represent no more than 10% of total costs under our medical programs, they are the hub of our entire medical delivery system. They see patients in their offices at the early stages of disease or injury, they admit people to hospitals and long term care facilities, they perform surgery and provide follow-up care, and they refer patients to other providers of health care services. We need their participation to make our program work.

3. Hospitals and long term care facilities receive full reimbursement for all reasonable costs they incur. Clearly, under the present system, physicians do not. Even if an Alaska cost index is substituted for the national index, physicians will still receive only partial reimbursement for the costs they incur.
4. Unless the growing disparity between costs and reimbursement is lessened, physician losses will have to be made up by increasing costs of private pay patients.
5. Although Medicare is also a federal program, it does not force physicians into this box. If a physician elects not to accept Medicare payment as full settlement of his bill, he can bill the patient for the remainder under Medicare rules. In Medicaid it is partial payment or nothing. If the State attempts to make up the portion lost by the physician under Medicaid, the State then becomes responsible for the entire payment.

Approved by:

*Rod Betit*

Rod Betit, Director  
Division of Public Assistance

*March 25, 1980*

Date

*Helen D. Beirne*

Helen D. Beirne, Commissioner  
Department of Health & Social Services

*3/28/80*

Date

MARCH 26, 1980

# COMPARISON OF REAL 75<sup>TH</sup> PERCENTILE TO LIMITED 75<sup>TH</sup> PERCENTILE

