

## 2017 Issue Brief Medicaid Reimbursement

North Dakota's traditional Medicaid program covers qualifying low-income children and their adult caregivers, pregnant women, and individuals with disabilities including the aged and blind. As of May 2016, 68,287 North Dakotans were eligible for traditional Medicaid and 19,389 were enrolled in Medicaid expansion coverage. Medicaid is administered by states within broad federal guidelines and jointly funded by the federal government and states.

### Restore Provider Reimbursement Levels

Due to lower than predicted state revenue, the Governor ordered all State agencies in February 2016 to reduce their 2015-2017 budgets by 4.05 percent. This resulted in a 33% cut to Medicaid professional fee reimbursement and a decrease in Medicaid expansion payments from commercial rates to the traditional Medicaid fee schedule – a reduction of \$55.5 million. It also resulted in elimination of the budgeted 3% inflationary increase in the second year of the biennium, which represented an additional \$6.5 million cut.

### Why Provider Reimbursement Levels Need to Be Restored

Unlike other programs, state spending on Medicaid brings in federal revenue due to its financing structure. For every \$1 cut in reimbursement, North Dakota loses an additional \$1 from the federal government for traditional Medicaid and approximately an additional \$19 for Medicaid expansion.

Adequate provider payment rates help to ensure equal access to necessary medical services for the children and adults who rely on Medicaid to get their care.



*The 2016 allotment cut a total of \$62 million in Medicaid reimbursement to North Dakota healthcare providers.*

The cuts chosen during the allotment resulted in a loss to North Dakota health care providers of approximately \$62 million. This level of reduction simply cannot be absorbed by providers without a noticeable impact on health care infrastructure, workforce, and patient access to quality care. Drastic cuts such as these will almost certainly cause clinicians to stop accepting, or limit, Medicaid enrollees into their practices.

### NDHA Position

NDHA supports restoration of the \$62 million cut from the 2015-2017 budget for Medicaid provider reimbursement.

NDHA also supports an inflationary budget increase of 3% each year of the biennium for hospitals, physicians, and long term care.