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April 7, 2015

The Honorable Kurt Schaefer  
Chair  
Senate Appropriations Committee  
201 West Capitol Avenue, Room 416  
Jefferson City, MO 65101

Re: American Medical Association opposition to Medicaid Managed Care Expansion

Dear Chair Schaefer:

On behalf of the American Medical Association (AMA) and our physician and medical student members, I write to oppose provisions in the appropriations bill that will extend the reach of Medicaid managed care in Missouri. The AMA is concerned that the hastily inserted language will discourage Missouri physicians from participating in Medicaid and prevent low-income Missourians from receiving the high-quality health care they need.

The AMA believes that everyone deserves quality health care and that all physicians seeing Medicaid patients should be paid adequate rates to ensure patients have access to necessary health care services. In Medicaid, payment rates already fall short of the actual costs of providing care. Adding the high administrative costs associated with managed care will only further reduce payments to physicians. If payments are reduced, physicians may not have the financial capacity to continue participating in Medicaid and low-income Missourians may lose access to care.

We also caution against expanding a flawed managed care program that provides beneficiaries lower quality care than fee-for-service Medicaid. As you know, the MoHealthnet Oversight Committee recently found managed care recipients are more likely than fee-for-service recipients to be readmitted to the hospital and to visit the emergency department, but less likely to seek preventive primary care services. Managed care also performs worse than fee-for-service on five out of six clinical quality measures. In addition, 98 percent of appropriations for the fee-for-service program go directly to patient care, whereas managed care incurs 149 percent greater administrative costs, which diverts money away from Medicaid patients.

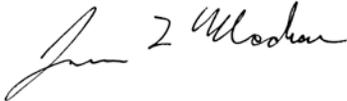
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Finally, we urge the legislature not to restructure Medicaid hastily. Drastic changes to the way in which Medicaid benefits are provided must be preceded by a fair and open public policy debate. Such debate is circumvented by expanding Medicaid managed care through a budget amendment instead of separate legislation.

The AMA supports Medicaid reform efforts that increase physician participation in the program and thereby increase Medicaid beneficiaries' access to care, but we believe the newly inserted appropriations language runs contrary to those goals. We respectfully ask you to withdraw support for expanding Missouri's Medicaid managed care program.

Thank you for your consideration of this important issue. If you have any questions, please contact Annalia Michelman, JD, Senior Legislative Attorney, Advocacy Resource Center, at [annalia.michelman@ama-assn.org](mailto:annalia.michelman@ama-assn.org) or (312) 464-4788.

Sincerely,

A handwritten signature in cursive script, appearing to read "James L. Madara".

James L. Madara, MD

cc: David O. Barbe, MD, MHA  
Missouri State Medical Association