REPORT OF THE

DEPARTMENT OF HEALTH TO STUDY THE FEASIBILITY

OF REQUIRING

MEDICAID RECIPIENTS TO RECEIVE PRIMARY MEDICAL CARE

FROM A PHYSICIAN OF THEIR CHOICE

TO

THE GOVERNOR

AND

THE GENERAL ASSEMBLY OF VIRGINIA

House Document No. 6

COMMONWEALTH OF VIRGINIA
Richmond, Virginia
1980

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Report of the

Department of Health to Study the Feasibility of Requiring

Medicaid Recipients to Receive Primary Medical Care

From a Physician of Their Choice

To

The Governor and the General Assembly of Virginia

Richmond, Virginia

January 1980

To: Honorable John N. Dalton, Governor of Virginia

and

The General Assembly of Virginia

I. INTRODUCTION

During its 1979 session, the General Assembly passed House Joint Resolution No. 232 creating this study. That resolution is as follows:

HOUSE JOINT RESOLUTION NO. 232

WHEREAS, Medicaid recipients frequently utilize a number of different physician providers of medical care; and

WHEREAS, a single primary care provider can be expected to handle over ninety percent of an individual's medical care requirements, and primary care providers are skilled in determining the need for specialty services and in providing overall case management; and

WHEREAS, primary care providers afford a philosophy of health care directed toward early diagnosis of disease and measures to prevent the progression of disease; and

WHEREAS, the use of a single primary care provider by each Medicaid recipient promotes more efficient and less costly health care delivery; now, therefore be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Health is requested to study the feasibility and advisability, including any necessary federal waivers, of requiring Medicaid recipients to receive primary medical care from an individual physician of their choice. The primary physician should be authorized to control the use of

physician specialty services and other medical care services under the Virginia Medical Assistance Program.

The Department of Health shall seek the cooperation and assistance of the Medical Society of Virginia, Old Dominion Medical Society of Virginia, and other interested physicians in conducting this study.

The Department of Health is requested further to determine the availability of special funds to implement the primary physician initiative for Medicaid recipients in the State.

The Department of Health shall submit its report to the Governor and the General Assembly no later than January one, nineteen hundred eighty. Such report shall include the fiscal impact of any recommendations, as well as the impact of such recommendations on health care costs.

The Study Group consisted of: F. C. Hays, M.D., Director, Virginia Medical Assistance Program; Edwin M. Brown, M.D., Deputy Health Commissioner; Bedford H. Berrey, M.D., Assistant State Health Commissioner; A. Epes Harris, Jr., M.D., representing the Virginia Academy of Family Physicians; George Cypress, M.D., representing the Old Dominion Medical Society; W. Kenneth Blaylock, M.D., representing the Medical College of Virginia; Mr. Billy Baker, representing the State Department of Welfare; James H. Stallings, Jr., M.D., representing the Virginia Pediatric Society; Mason Smith, M.D., representing the Virginia Society of Ophthalmology and Otolaryngology; Mr. Truman A. Stephens, Health Program Analyst, State Health Department; and Mr. Leonard J. Varmette, Jr., Staff, the Medical Society of Virginia.

This report is the Department of Health's final report.

II. DISCUSSION

The 1979 General Assembly passed House Joint Resolution which directed the Department of Health to study the feasibility of Medicaid recipients to receive primary medical care from a physician of their choice, with such physician authorized to control the use of physician specialty services and other medical care services under the Medicaid Program. An analysis of Medicaid recipient's usage of physician services was prepared to determine the extent to which recipients currently utilize multiple sources of primary care.

This study focused on Medicaid recipients' contacts* with physicians in a non-hospital setting. The review study committee recognized that the hospitalization of a patient would generate multiple physician contacts, such as with radiologists, anaesthesiologists and consulting specialists. Therefore to the extent possible, only non-hospital or ambulatory care physician contacts were analyzed.

The unduplicated count of eligible persons enrolled in Medicaid for the past fiscal year was 376,452; of that enrollment, 42.5% or 159,965 persons had ambulatory care physician contacts over the twelve month period (July 1978/June 1979).

*Physician contact - One physician contact occurs when a person receives Medicaid reimbursed services from a specific physician. Each different physician seen is a contact.

A random sample of 31,993 recipients who received ambulatory care, or 20% of all recipients receiving ambulatory care, was studied. This sample population had contacts with 60,484 different physicians, or an average of 1.89 contacts per recipient. The primary care physician specialty most often contacted was General Practice (38%) followed by Pediatrics (15%) and Internal Medicine (6%); this is shown on Table A. Among the secondary care specialties, Radiology accounted for 8 percent of contacts.

Medicaid recipients having five or more physician contacts were estimated to number 7,990, or 2.1% of the Medicaid enrollment as shown in Table B. Another 2.2% of the enrollment had contact with four different physicians.

The greatest majority of these multiple contacts involved the specialties of General Practice, Pediatrics, Radiology and Internal Medicine. (See Table A). The review group believed that most of these contacts could reasonably have resulted from current referral patterns characteristic of the practice of medicine, especially in group practices, plus referrals to specialists, such as radiologists or surgeons.

The Medicaid Program currently has a mechanism by which a recipient who exhibits excessive utilization of physician and/or pharmacy services is required to designate single primary physician and pharmacy providers. Recipients with this restriction now number 70 as of December 1, 1979 and are subject to a constant review of their medical care services.

A Federal waiver would be required to "lock in" all recipients to a single primary care physician of their choice. A discouraging response from Federal officials was received (Table C).

III. CONCLUSIONS

1. The large majority of recipients appear to experience physician contacts in patterns compatible with good medical care. Excessive utilization of physician services, as measured by five or more physician contacts, occurs in receipt of ambulatory care services for two percent of the persons enrolled in Virginia Medicaid.

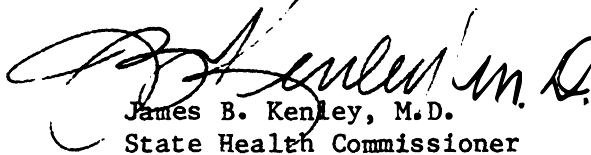
2. Based on experience, a requirement that each Medicaid recipient designate a primary care physician does not seem warranted. Such a system would be administratively difficult in handling payment of emergency services and those received when the designated physician was not available.

IV. RECOMMENDATIONS

1. The Medicaid Program's provision that a recipient who abuses physician or pharmacy services must designate his primary care providers should be extended as required. The Virginia Medical Assistance Program should continue its monitoring program which produces statistical profiles of recipients.

2. The Virginia Medical Assistance Program should encourage Medicaid recipients to voluntarily select their primary source of medical care. This should be accomplished through periodic written communications with recipients to explain the many health advantages of serious decision making.

Respectfully submitted,



James B. Kenley, M.D.
State Health Commissioner

TABLE A
MEDICAID RECIPIENT/PHYSICIAN CONTACTS
FOR THE TWELVE MONTH PERIOD JULY 1978 - JUNE 1979
EXCLUDING INPATIENT HOSPITAL CONTACTS

Physician Specialties Contacted by Recipients of 20% Random Sample

Specialty	Number of Contacts		Percent of Total Contacts	
General Practice	23,120		38.2	
Internal Medicine	3,801		6.3	
Pediatrics	8,870		14.7	
Sub Total		35,791		59.2
Obstetrics & Gynecology	3,327		5.5	
Radiology	5,056		8.4	
General Surgery	1,430		2.4	
Sub Total		9,813		16.3
All Others		14,880		24.6
Grand Total		60,484		100.1

TABLE B
ESTIMATED MEDICAID RECIPIENT/PHYSICIAN CONTACTS
AND PERCENTAGE OF TOTAL MEDICAID ENROLLMENT FOR THE
TWELVE MONTH PERIOD JULY 1978 - JUNE 1979
EXCLUDING INPATIENT HOSPITAL CONTACTS

Number of Different Physician Contacts	Number of Recipients Making Contacts	*Percentage of Total Enrollment
1	85,900	22.8
2	39,360	10.5
3	18,300	4.9
4	8,415	2.2
5 or more	7,990	2.1
	159,965	42.5

*Total unduplicated enrollment = 376,452

TABLE C

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION III
3535 MARKET STREET
PHILADELPHIA, PENNSYLVANIA 19101

HEALTH CARE FINANCING ADMINISTRATION

MAILING ADDRESS
P.O. BOX 7760
PHILADELPHIA,
PENNSYLVANIA 19101

September 28, 1979

Freeman C. Hays, M.D.
Medical Director
Virginia Medical Assistance Program
109 Governor Street
Richmond, Virginia 23219

Dear Dr. Hays:

This is in response to your letter dated April 11, 1979 requesting our opinion regarding the feasibility of obtaining a waiver of the laws and regulations governing freedom of choice of providers. Your request was based upon a resolution adopted by the 1979 Virginia General Assembly asking for a study to determine whether recipients could be required to designate and use one primary care physician.

In an interim response, dated April 20, 1979, we indicated that we had asked the Regional Attorney and the Director of the Office of Policy, Planning and Research for guidance on this issue. Clifton R. Gaus, now Director, Office of Research, Demonstrations and Statistics, responded to you directly in a letter dated August 8, 1979 regarding the possibility of a waiver. Although Mr. Gaus indicated that it is legally possible to grant such a waiver, the prospects for approval of a demonstration grant are not likely because of a similar study in another State. We understand that you are trying to obtain a copy of the results. Perusal of that earlier study may help you decide whether to submit a formal grant application for a waiver.

The report from the Regional Attorney's Office also supports the legal necessity for obtaining a waiver from the Secretary of the application of the statute and regulations which give Medicaid recipients free choice in obtaining services from qualified providers. Please see Section 1902(a)(23) of the Social Security Act and 42 CFR 431.51 supporting free choice of providers.

The terms of Section 1902(a)(23) make allowances for certain situations where a Medicaid patient must use a designated physician, e.g., in the case of Health Maintenance Organizations (HMOs) and prepaid health plans under provider agreements with the Medicaid State Agency. In these instances, however, the regulations require that Medicaid recipients elect to obtain services

from such organizations, retain the right to terminate their enrollment without cause for at least 30 days following enrollment, and retain the right to choose their particular health professional to the extent that this is possible and appropriate. The requirements are found in 42 CFR 431.527, 431.530, 431.531, 431.568, 431.571, and 431.572. These regulations reflect the statutory inclination toward providing Medicaid recipients the maximum amount of free choice among providers consistent with the inevitable curtailment of unlimited choice because of the requirement that enrollees use the plan physicians and support staff employed by their particular HMO or prepaid health plan.

We hope this information will be helpful to you. If we can be of further service please contact Mrs. Thelma Weiss at (215) 596-1322.

Sincerely,

Alwyn L. Carty
Regional Medicaid Director