



MEDICAL SOCIETY OF VIRGINIA Issue Backgrounder

Medicaid

Issue Background

Virginia received significant federal funding in 2009 for Medicaid services, which are available only through December 31, 2010. Additional state funding will be needed to offset the loss in federal dollars for funding the Medicaid program after January 1, 2011. This backfill will cost nearly \$1.2 billion over the biennium.

While Gov. Tim Kaine did not offer cuts to physician Medicaid reimbursements as part of the budget he presented to the General Assembly in mid-December, the General Assembly and Gov. Bob McDonnell must work to close a \$4 billion gap in Virginia's biennial budget for fiscal years 2011-2012.

Over the last year, Virginia has seen dramatic growth in the number of eligible Medicaid recipients as a result of the economic downturn. Medicaid expenditures are projected to increase by \$778 million in the biennium. Virginia is also required to expand Medicaid coverage for pregnant women to comply with the federal Children's Health Insurance Program (CHIP). This expansion will increase costs by \$1.3 million.

MSV Talking Points

- » Currently, physicians treating Medicaid recipients are reimbursed well below their cost of providing care.
- » Virginia's most vulnerable citizens, including children, the elderly, expectant mothers and the disabled, rely on Medicaid for the primary care they need. Virginia ranks 48th nationally in Medicaid expenditures per capita.
- » According to a survey of physicians conducted by MSV, as little as a 3 percent cut in Medicaid reimbursement would have a disastrous effect on the accessibility of physician care to a growing number of uninsured Virginians.
- » Although the commonwealth has made efforts to increase physician Medicaid rates in specific areas of service, there has never been an effort to develop a long-term solution.

For more information, contact the Medical Society of Virginia's government affairs department by phone at 804 | 343-1185, or visit the MSV Web site, www.msv.org/legislative.

