

New Jersey Health Care Quality Institute Testimony in Support of  
Assembly Bill A.4223

June 5, 2023

Thank you for the opportunity to provide testimony to assist the committee's consideration of A.4223. The Quality Institute is a non-profit organization that works to improve quality and affordability of health care for everyone in New Jersey. We have a long history of supporting high quality primary care because such care is essential to having a healthy state and residents. National experts have called for greater investment in high quality primary care and highlighted its value.<sup>1</sup> Therefore, we strongly support A.4223, which increases Medicaid reimbursement rates for primary care including general pediatrics, obstetrics, gynecology, midwifery, and mental health services to put them on par with Medicare payment rates for the same services.

Primary care is the foundation of good health care. Yet, as shown in 2019 data from KFF State Health Facts, New Jersey Medicaid rates for primary care providers are 50 cents on the dollar compared to Medicare rates for the same services.<sup>2</sup> If we want more primary care clinicians to care for patients in the Medicaid program, we need payment parity. Access to high quality primary care reduces inappropriate emergency use, can prevent hospitalizations, furthers health equity, and promotes overall health and wellness.

New Jersey's Medicaid program serves more than 2 million residents in our state, including half of all our children, and pays for 35-40% of the births in New Jersey. Yet Medicaid recipients still struggle with access to care, including primary care. Lack of access can have dire consequences. This is particularly seen in perinatal care, where New Jersey ranks 47th nationwide for its high maternal mortality rate – with 46.5 fatalities per 100,000 live births – and Black women are seven times more likely to die in pregnancy related complications than white women. Unlike commercial insurance and Medicare, too few physicians and other health care clinicians in New Jersey accept Medicaid.<sup>3</sup> The policy of paying half the rate – for the same service – is inequitable and unacceptable.

This policy contributes to racial disparities in health care access, quality, and outcomes.<sup>4</sup> Medicaid serves a racially diverse population, with 66.6% of non-elderly Medicaid enrollees identifying as Black, Latino, Asian, or mixed race. Underpaying for health care that covers more racial and ethnic minorities is not equitable – and leads to less access, fewer choices, less culturally aligned care, and lower quality. It drives

---

<sup>1</sup> <https://www.nationalacademies.org/news/2021/05/high-quality-primary-care-should-be-available-to-every-individual-in-the-u-s-says-new-report-payment-reform-telehealth-expansion-state-and-federal-policy-changes-recommended>

<sup>2</sup> <https://www.kff.org/medicaid/state-indicator/medicaid-to-medicare-fee-index/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>3</sup> <https://www.macpac.gov/wp-content/uploads/2021/06/Physician-Acceptance-of-New-Medicaid-Patients-Findings-from-the-National-Electronic-Health-Records-Survey.pdf>

<sup>4</sup> <https://www.healthaffairs.org/doi/10.1377/hlthaff.2021.01466>, Early racism in health care policy and inequities between Medicare and Medicaid.

people to the emergency department for primary care, the most expensive, and often the worst, place for primary care.

Establishing a foundation of primary care, with access for everyone in our state, is essential to creating a healthy population. Increasing Medicaid's investment in primary care is one critical step we can take this year to make our state a healthy place for everyone. The evidence continues to show that health systems with a foundation of comprehensive primary care achieve better, more equitable health outcomes, and are less costly.

People insured by Medicaid live throughout our state. Yet the state's Medicaid program does not invest in primary care at anywhere near the level that would encourage sufficient primary care participation in Medicaid to meet the statewide demand. The state already increased the rates for Federally Qualified Health Centers to Medicare levels and reimburses practices affiliated with select academic medical centers at Commercial rates. But other primary care practices either do not accept Medicaid or struggle to accept patients at rates that are insufficient to cover their costs. In addition, although New Jersey recently raised its Medicaid fee schedule rates for OBs and Midwives, that rate change directly effected only 8 percent of Medicaid beneficiaries and did not apply to the Medicaid Managed Care contract and rates.<sup>5</sup> This bill would apply to those rates.

As we strive to make New Jersey the best and most equitable place to have and raise a child and to live and age with dignity, we cannot achieve these goals without fairly and adequately reimbursing primary care clinicians.<sup>6</sup>

The proposed increases would go to physicians, nurses, midwives, physician assistants, and other clinicians providing primary care, family medicine, general internal medicine, general pediatrics, obstetrics, gynecology, midwifery, and mental health throughout the state. While some have argued that under proprietary non-transparent contracts some of these clinicians already receive reimbursement at Medicare rates or higher; if that is the case, then this bill would not cost even less. But based on publicly available information, New Jersey is towards the bottom in reimbursement rates for these critical primary care clinicians serving those covered by Medicaid.

We need a permanent commitment to equitably fund primary care as the foundation of our Medicaid program. Thank you for your consideration of these remarks.

---

<sup>5</sup> <https://www.nj.gov/governor/news/news/562023/20230131a.shtml>

<sup>6</sup> <https://www.milbank.org/quarterly/opinions/eliminating-health-disparities-will-require-looking-at-how-much-and-how-much-medicare-pays-participating-providers/>